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NEWS SUMMARY

GENERAL

Libya issues Uganda demand

...t Julius Nyerere of ... said Colonel ...r Gaddafi, the Libyan ...ad issued him with an ...m to withdraw Tanzanian troops from Uganda ... hours.

...imed the Colonel had ...d to give full military ...ganda, and had warned ... war could spread to ... a

...port came as Ugandan ...claimed rebel forces ...thin 25 miles of the ...f Kampala, and Amin had driven the enemy ... road linking Kampala ...bbe airport. Page 4

...s discuss ...t sanctions

... and Economic Mini... the 18 Arab nations ...d their talks on details ...cal and financial sanc... ...ainst President Anwar ...ter the signing of the ...rael peace treaty.

...alks carried on amid ... of demonstrations in ... against the treaty. A ... Lod near Israel's inter... airport killed one ...and injured 18, and an ...ist group claimed re...ility for a bomb which ... a Jewish student can... Paris, and injured 26 ... Page 4

...l hours call

...of legal restrictions on ... working hours has ...ecommended by the ...Opportunities Commis... ...a report to Mr. Albert ...he Employment Secre... ...he report, which follows ... investigation, says the ...ons cause discrimina... ...ge 9

...ments barred

...mingham industrial ... has rejected claims ...vorkers at Sundaw ... and Hall's Foundries ...ndancy payments esti... ...t £80,000. Management ... two companies, in ... West Midlands, into ...y liquidation after the ...refused to promise they ...op striking. Page 11

... confident

... Leader David Steel con... predicted a comfortable ...or his Party in tomor... ...-election at Edge Hill, ...l. Labour has held the ... 34 years. Parliament,

... battle toll

... 18 people have been ... and more than 40 ...l in two days of fighting ... the Turkoman minority ... and supporters of ...s leader Ayatollah ...i in north-east Iran.

...bodia attack

...as of the fallen Cam... ...regime claimed they had ...l more than 300 ...ese soldiers in Cam... ...and said they were ...ng attacks on Laos.

...ists held

...n police have arrested ...er of human rights ... in a crackdown on ...d political activity.

...ly ...

...C is to spend about ... on two atomic power ... research projects.

...rrested a man brandish... ...axe after he barricaded ... in a house in ...m, London.

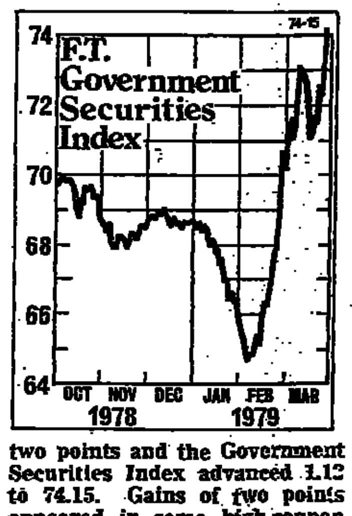
...remiah Chirau, a mem... Rhodesia's Executive ... left for the UK yester... ...r talks with Foreign ...y Dr. David Owen.

BUSINESS

Gilts up by 1.12; Equities peak

● EQUITIES traded strongly stimulated by the prospect of a General Election and the FT 30-Share Index closed 8.9 up on balance at a new high for the year of 539.2, only 10 points off its all-time peak of 549.2.

● GILTS responded to the election view and were also stimulated by the continuing strength of sterling against currencies other than the dollar. Gains in the Funds extended to



two points and the Government Securities Index advanced 1.12 to 74.15. Gains of two points appeared in some high-coupon longs and shorts established rises of up to ⅞.

● GOLD lost ground in active trading, influenced by the OPEC announcement, and closed $2 down at $243⅞.

● STERLING fell to a low point of $2.0495 but recovered to close unchanged at $2.0535. Its trade-weighted in... to 65.6 (65.4).

● WALL STREET was 5.80 up at 860.62 just before the close.

● NEW YORK bank regulatory authorities decision on the proposed acquisition of Marine Midland Bank by the Hong Kong and Shanghai Banking Corporation is imminent, according to Miss Muriel Siebert, the state's banking superintendent. She described the rush by British and other banks to make acquisitions in the U.S. as "the tip of an ice-berg."

● BANK OF MONTREAL, Canada's third largest chartered bank, is to pay C$39m (£16.1m) for 25.1 per cent of Allgemeine Deutsche Kreditanstalt, of Frankfurt, with an option to purchase a further 25 per cent at a later date.

● EEC plan for a "scrap and build" scheme to ease the shipping industry's over-capacity problems and provide work for shipyards in member states has been finalised. Page 6

● SOVIET UNION'S trade deficit with the West doubled last year to 2.28bn roubles (£2.96bn), but its overall trade remained in surplus. Page 6

● FRANCE, as president of the EEC Council of Ministers, is expected to propose a 2 per cent average increase in common farm prices for 1979/1980 in Brussels today. Page 37

● SIME DARBY, the major Far Eastern conglomerate, narrowly failed in its attempt to take over Guthrie Corporation, the British plantations group. Back Page

LABOUR

● TAX officials have been instructed to ban all work on next week's Budget in protest at the Government's 7 per cent pay offer to 600,000 Civil Servants. Page 11

COMPANIES

● GRATTAN WAREHOUES, the mail order group, recovered in the second half of 1978 to achieve pre-tax profits of £10.65m (£11.76m). Page 28 and Lex

● DUFAY BITUMASTIC, the surface coatings group, reports a 47 per cent rise in pre-tax profits for 1978 to £10.31m. Page 30

OPEC raises basic prices 9% and surcharges planned

BY RICHARD JOHNS IN GENEVA

The Organisation of Petroleum Exporting Countries is to raise the basic price of a barrel of oil by 9 per cent from $13.335 to $14.542 from Sunday.

In addition the majority of members—with the notable exception of Saudi Arabia and probably the United Arab Emirates—will charge a premium of not less than $1.20 a barrel over and above the new basic price. Some expensive crudes may rise by up to $5 a barrel.

Most producers have effectively been able to impose the $1.20 surcharge over the past month anyway because of the breakdown in Iranian supplies.

No formal agreement to coordinate production targets was reached, however, and it seemed likely that Saudi Arabia, whose major moderating influence was yet again felt, will not immediately cut its oil production from the higher levels of 9.5m barrels daily, introduced to compensate for the Iranian shortage.

Nevertheless, the production issue was exhaustively discussed and, as one senior delegate put it, "an understanding definitely exists."

A crucial factor in the discussion on production targets has clearly been the uncertainty about the resumption of Iranian supplies. Nearly all OPEC members are willing to limit production on conservation grounds anyway and would be willing to adjust output to take account of an increase in Iranian extraction.

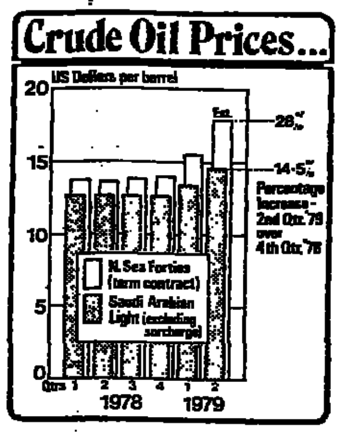
Yesterday's decision on basic prices has only effectively brought forward to the second quarter of this year the price increase for the Arabian light "marker" or reference crude which had already been agreed by OPEC last December.

The compromise was finally reached after some hard bargaining and resistance by Saudi Arabia to demands from the more militant members for price rises of up to 30 per cent over the existing price.

If both Saudi Arabia and the UAL, who between them account for up to a third of OPEC production, were to stick at the lower level, it would effectively mean a two-tier price system. Saudi Arabia had been keen to avoid this. The net result for consumers will be a lower average increase, although they will have to pay considerably more for the expensive light crudes.

For producers of the lightest crudes—especially the high quality, short-haul North African varieties — premiums could be anything from $3 to $5 a barrel over the basic price. In effect, members have been left to obtain what price they can on the open market.

Crude Oil Prices...



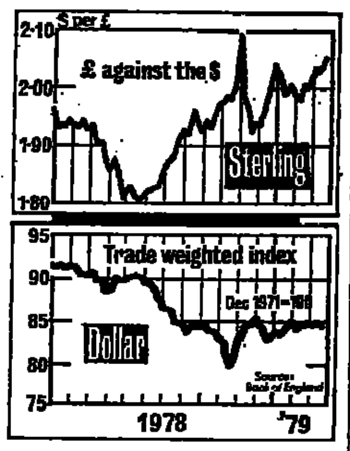
"Maximum prices will depend on the development of the market," said Mr. Rene Ortiz, OPSC Secretary-General.

He said that the base price could be reviewed later in the year in the light of changes and nothing could be predicted.

The next scheduled OPEC conference is set for June in Geneva when Mr. Ortiz expects the question of a dialogue of consultations with consuming countries, to be discussed.

"The whole world should be grateful for our moderation. We have tried to restrain ourselves in the face of a great deal of temptation," said Sheikh Ali Khalifa Al Sabah, Kuwait's Minister of Oil.

Editorial Comment, Page 18



Dollar and £ both rise

By Peter Riddell, Economics Correspondent

THE decisions on the oil price at the OPEC meeting confused the foreign exchange markets yesterday. After a day of fluctuating rates the dollar ended slightly higher against most major currencies, apart from sterling, which made further general gains.

The piecemeal announcement of the price rise unsettled the market though overall there was some relief at the outcome.

The dollar's trade-weighted index, as calculated by the Bank of England, increased 0.2 to 84.7, while the U.S. currency rose fractionally against both the Deutschemark and the Swiss franc, and from Y206.1 to Y207 against the Japanese yen.

The dollar gained at one stage during the day against sterling but closed unchanged at $2.0535, though the pound was showing signs of late weakness in New York.

But the pound rose against the world's other main currencies—moving up from DM 3.815 to DM 3.83. The trade-weighted index rose 0.2 to 65.6 for an increase of 1½ per cent in the last week alone.

Since early February the pound has risen by 3.5 per cent against the D-mark and by 7 per cent against the Japanese yen.

This partly reflects the market's view of the UK's favourable position relative to other countries, notably Japan, in face of higher oil prices as a result of growing North Sea production. In addition, there is the attraction of UK interest rates well above levels in other centres.

The strength of sterling coupled with hopes of an early general election resulted in a sharp rise in stock market prices.

Lex Back Page. Money Markers, Page 31

£ in New York

—	March 26	Previous
Spot	$2.0525-0535	$2.0420-0430
1 month	0.43-0.38 dis	0.35-0.30 dis
3 months	0.79-0.74 dis	0.78-0.72 dis
12 months	2.40-2.20 dis	2.65-2.45 dis

Government on brink of censure defeat

BY RICHARD EVANS, LOBBY EDITOR

IF MPs vote as expected in today's crucial censure debate in the Commons, Mr. Callaghan's Government will be precipitated into aspring election—barring accidents of a totally unforeseen reprieve.

Defeat—according to the latest assessment by two votes—would force hte early dissolution of Parliament and a General Election within the next six weeks, probably on May 10.

After another day of frantic behind-the-scenes activity at Westminster, there was still no certainty about the outcome of the debate on a Conservative motion of no confidence, but many Ministers were accepting the likelihood of defeat.

Following confirmation yesterday that the three Welsh Nationalists will vote with the Governement, all will depend on the votes of the six Ulster Unionists who have so far not declared their intentions but who are under growing pressure to vote with the Conservatives.

There is no sign that the Government will make any offer to minority parties to persuade them to switch their votes, and the Prime Minister went out of his way yesterday to deny vehemently that the Welsh Nationalists had been bribed.

Mr. Callaghan insisted that a Bill foreshadowed on yesterday's Commons Order Paper, and to be published today, affecting a wide range of workers suffering from occupational lung diseases, including slate-quarry men, had been brought forward as a normal process of Government.

Conservative MPs had assumed the legislation was an 11th-hour bargain struck with the Welsh Nationalists, and it was claimed as such by the three Plaid Cymru MPs. But in the Commons, the Prime Minister gave a lengthy defence of the Government's actions, and blamed the Press for "totally misrepresenting" his motives.

The Bill has almost certainly secured the votes of the Welsh Nationalists, provided they are satisfied with the published draft promised before tonight's division.

Under the Bill, quarry men and other occupational groups suffering from lung diseases, or their widows, will be entitled to compensation of up to £10,000. An estimated 1,000 workers are involved, plus a further 1,000 widows, bringing the cost of the scheme to about £20m.

Mr. Michael Foot, Leader of the Commons, has pledged to see the Bill on to the statute book by mid-May.

The support of the Welsh Nationalists means that all will depend on the attitude of the Ulster Unionists, who were put under pressure by their council, meeting in Belfast, to vote with the Tories.

Mr. Harry West, leader of the Official Unionist Party, said after the meeting that he expected six of the seven MPs at Westminster to vote in accord with the party's wishes.

Mr. John Carson, Ulster Unionist MP for North Belfast, has said he intends to vote with the Government because of benefits awarded to the Harland and Wolff shipyard in his constituency—but some of his colleagues were trying last night to dissuade him.

It is still assumed that Mr. Gerry Fitt and Mr. Frank Maguire, the two Independent Irish MPs, will abstain; but they will also come under pressure today to return to the Government fold.

The supposition is that Mr. Calaghan will announce immediately after the division result, or on Thursday that he will advise the Queen to dissolve Parliament in order that there could be a General Election in May.

If there is a defeat, there would be imediate talks between Government and Opposition on the parliamentary timetable before a dissolution including the presentation of a short Budget and Finance Bill.

Editorial comment, Page 18
Parliament, Page 10

VOTES TABLE

Against the motion		For the motion	
Labour	306	Conservatives	281
Scottish Labour	2	Liberals	13
Plaid Cymru	3	Scottish Nationalists	11
Ulster Unionist	1	Northern Ireland	3
	312		308

The remaining six Ulster Unionists will not declare their intentions until shortly before the division but they are expected to vote with the Conservatives. If the two independent Irish MPs abstain as expected this will ensure a victory for Mrs. Thatcher by two votes (314-312).

North Sea oil expected to go up by 16%

BY KEVIN DONE, ENERGY CORRESPONDENT

NORTH SEA oil prices are expected to rise by up to 16 per cent to more than $17.50 a barrel from the beginning of April in response to the increases that are likely to be introduced by producers of the quivalent light crudes among the Organisation of Petroleum Exporting Countries.

The exact level of surcharges that will be implemented by Algeria, Libya and Nigeria, are still not clear, but they are likely to range betwen $3 and $5 a barrel.

The large increases in the price of light crudes will benefit the UK's current account and could add about £100m to the Government's North Sea revenues this year.

At the same time, however, oil product prices can be expected to rise quickly in response to OPEC's action. Oil companies, which raised product prices by about 9 per cent in February, already have another price application before the Price Commission and a third price rise is likely to follow soon. The price of a gallon of petrol could well be 95p to £1 by the end of the year, even without Government action to increase duty.

Several Western governments were quick to express dismay at the new round of OPEC increases. The U.S. State Department said it deeply regretted OPEC's decision to raise basic oil prices by 9 per cent.

In Brussels EEC officials viewed the increase with concern. They said the rise was a clear message to EEC Energy Ministers, who held their regular Council meeting yesterday, that action must be taken to cut energy consumption and reduce the Community's dependence on imported energy.

The phased oil price increases already planned by OPEC before yesterday's meeting would have added $5bn to the EEC's oil bill.

The main concern in the Community is that the further rises will make it still more difficult for the EEC to free itself from recession because the higher oil prices will push inflation up and cut growth.

Dr. Guido Brunner, EEC Energy Commissioner, said that every one dollar rise in the oil price would cut growth rates in the Community by 0.4 per cent and increase inflation by 0.3 per cent. It would also increase the total oil bill of EEC members by about $3bn and adveresely affect the aggregate current account by about $3bn.

The EEC Energy Ministers renewed their commitment to the energy-saving objectives agreed at the Paris Summit two weeks ago. These call for a cut in total oil consumption of about 25m tonnes this year, and for a restriction of oil imports in 1985 to last year's level.

Continued on Back Page

Britain 'paying most' to EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

BRITAIN and Italy, two of the Common Market's least prosperous members, can claim to haveovertaken West Germnya to become the two bigegst net contributors to the EEC budget, on the basis of European Commission calculations.

The Commission figures have yet to be published officially and are subject to final revision. They are likely to prove highly controversial, not least because they are open to differing interpretations. The UK Government, which is aware of the calculations, is excepted to argue that they add powerful support to its campaign for a sharp cut in its EEC membership costs.

The Commission presents its conclusions in two forms. According to the first, under which Monetary Compensation Amounts (MCAs) are counted as payments into the budget, rather than, in effect subsidies on food purchases, Britain became the single largest net budget contributor last year—two years earlier than expected—with a net payment of 998.6m units of account (about £670m). That was almost treble West Germany's net payment of 357m UA (£240m).

Italy's net contribution, calculated on the same basis, was the second biggest at 822.5m UA (£552m). On the other hand Denmark and the Benelux countries, among the richest EEC members on a per capita basis, were with Ireland substantial net recipients under the budget.

Britain's net contribution would have been still higher, almost 1.5bn UA (£1.6m), had it not been restricted by temporary arrangements in its EEC accession treaty, which cease after the end of this year.

The only other country which would also have suffered had it not been for such temporary arrangements would have been Ireland. West Germany's net contribution would have been sharply reduced to 147m UA (£99m).

According to the UK Treasury, Britain's actual net payment last year was £804m. The discrepancy with the Commission figures is because these include a rebate to the UK which will show up only in the Treasury figures for the current year.

The figures' significance seems certain to be challenged, however, by several other governments. They will point out that the picture can look very different. If MCAs, used to cushion the effect of exchange rate movements on intra-EEC farm trade, are regarded differently.

News Analysis, Page 3
EEC Agriculture Talks, Page 37

PRICE CHANGES YESTERDAY

(In pence unless otherwise indicated)

RISES:					
...2% A 1983	£102¼	+ ⅞	Lonrho	86	+ 4
...¼% 1999	£43⅞	+ 2	Lonsdale Universal	115	+ 8
... Newspapers	229	+ 14	Midland Bank	418	+ 10
...	248	+ 14	Mixconcrete	79	+ 7
...s Stores	217	+ 12	Neil & Spencer	170	+ 12
...rthur)	192	+ 8	Slough Ests.	57	+ 4
...Chemicals	295	+ 10	Thorn Elect.	416	+ 14
... Land	74	+ 4	Utd. Newspapers	366	+ 18
... Group A	288	+ 16	Waverley Cameron	168	+ 18
...Star	161	+ 8	BP	1118	+ 34
... (Wimbledon)	215	+ 30	Shell Transport	736	+ 21
...ted Land	80	+ 7	Tricentrol	195	+ 13
...	414	+ 8	Westfield Minerals	225	+ 9
...a A	152xc	+ 14	RTZ	318	+ 6
...W'houses	122	+ 14	FALLS:		
...ys	140	+ 11	HK & Shanghai	167	− 11
...os	243	+ 10	Jardine Secs.	74	− 6
...r Siddeley	260	+ 10	Zenith Carb.	80	− 9
...n Midlands	214	+ 16	Peko-Wallsend	398	− 20
...M. P.)	61	+ 5	Couzinc Riotinto	262	− 18
			Atherton Antimony	15	− 17

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For latest Share Index 'phone 01-246 8026

Lambsdorff seeks limit on bank industrial holdings

BY ADRIAN DICKS IN BONN

COUNT OTTO LAMBSDORFF, the West German Economics Minister, bluntly warned the country's big banks yesterday that they would have to accept limits on their influence over industry.

Without directly threatening government action to this end, the minister told the conference of the Banking Federation here that it was up to the banks themselves to carry out "constructive self-criticism" in order to preserve their rightful place in the free market economy.

In a speech which took many of the assembled bank executives aback, Count Lambsdorff strongly criticised the major private banks' long-term holdings in industrial companies, and lent his support to last year's recommendation by the Monopolies Commission that these ought to be run down.

Short-term participation could be highly useful in rescuing companies in trouble, the Minister said. There need not be any process of official approval for these, provided those which amounted to a controlling share in a company were strictly limited in time.

However, Count Lambsdorff said he favoured limiting to 15 per cent the holding of any bank in a non-banking company. This figure is more generous than the 5 per cent limit recommended by the Monopolies Commission last year. But it is well below the 25-per-cent-plus-one-share formula (in practice allowing a blocking minority) which is expected to be proposed in May by the official committee looking into long-term issues of banking reform.

Quoting some of the Monopolies Commission findings, including the fact that banks own 10 per cent of all shares in public companies, the Minister remarked that "these holdings have nothing to do with the banking business. The banks could live perfectly well without them. And with the limitation of these holdings, the banks would be able to take the wind out of the sails of a good deal of criticism of a kind whose consequences might lead anywhere."

Count Lambsdorff praised the disposal by Deutsche Bank in 1976 of 25 per cent of Daimler-Benz as an example of how long-term holdings might be run down. He also admitted that in recent years the big banks had not significantly added to existing holdings.

In practical terms, however, the bank's holdings were so huge that they could not merely be unwound through the sock market. Count Lamsdorff suggested instead that the banks set up special subsidiaries to take over non-banking participation. Shares in these subsidiaries should be given to shareholders of the banks themselves, a process that would gradually separate potentially conflicting interests with the banking business.

Banks would be well advised to accept limits to the proxy powers they exercise on behalf of customers, said Count Lambsdorff. Counting in both these and the bank's own holdings, he said, in 30 out of the biggest 100 German companies more than 50 per cent of voting rights were in the hands of banking institutions.

Airlines may urge 10% fares rise

BY LYNTON McLAIN

A CALL for an across-the-board -0 per cent rise in air fares is expected from world airlines meeting in Geneva today.

Airlines which cut international fares last year have been hit by the rapidly rising fuel charges. These have risen by as much as 40 per cent since last summer, and with fuel making up a quarter of aircraft operating cost, many airlines have no option but to raise fares.

The International Air Transport Association, which represents the 100 scheduled airlines meeting in Geneva, is likely to endorse calls for higher fares, to take effect from April 1.

Earlier suggestions that IATA members would recommend fuel surcharges varying on a regional basis, appear to have been rejected. The proposal would have hit areas with serious fuel shortages, but would have produced rises lower than 10 per cent in other areas.

Trans World Airlines said last week it would ask the U.S. Civil Aeronautics Board for permission for a 7 per cent fuel surcharge on all North Atlantic services from May 1.

● The Royal Air Force may order more Hawk trainer aircraft from the British Aerospace Corporation. Air Commodore John Langer, RAF Director of Flying Training, told the corporation of his plans yesterday, when the RAF took delivery of its 100th Hawk at Dunsford test centre, Surrey.

Up to 70 Hawks have already been exported to Finland, Indonesia and an unnamed African country. The U.S. Navy is also interested.

Belgian coalition in sight

BY GILES MERRITT IN BRUSSELS

AN END to Belgium's 165-day political vaccum seemed in sight yesterday with a new coalition government likely to be formed in Brussels before the end of this week.

A breakthrough in the talks being held by Mr. Paul Vanden Boeynants, the caretaker Prime Minister, with leaders of Belgium's main political parties is expected to result in a five party coalition. Providing further negotiations on economic and social policies are successful, M. Vanden Boeynants will head the new government.

The crisis was triggered last October by the resignation of Prime Minister Leo Tindemans over opposition to his proposals for settling the country's intractable language war by devolving power in a regionalisation scheme.

Since an inconclusive mid-December general election, Belgium has been deprived of a new government while the Flemish and French-speaking Walloon political parties remained deadlocked on the regionalisation issue.

Portuguese military press for crisis moves

By Jimmy Burns in Lisbon

PRESIDENT Antonio Ramalho Eanes, of Portugal, is due to meet the country's military watchdog body, the Council of the Revolution, today amid signs of pressure from certain sectors of the armed forces for a speedy solution to the latest political crisis.

The military's disquiet with the unexpected budget defeat last week of Portugal's four-month-old non-party Government, has been the only tangible element in an otherwise confused and rumour-laden political atmosphere.

Meetings this week between the President and Sr Carlos Mota Pinto, the Prime Minister, following Gen. Eanes' return from a State visit to Eastern Europe, have failed to cast any public light on the crisis.

"The budget . . . meant sacrifices but it guaranteed democracy and freedom," was the enigmatic phrase adopted by Sr. Mota Pinto when he left the presidential palace on Monday night.

A clearer stand on the Government's defeat has already been taken, however, by Portugal's conservative air force. In an unprecedented statement issued at the weekend, the air force general staff publicly announced that it would have to cut back on routine activities because the absence of a budget was threatening to leave the armed forces without funds for this year.

This view, widely interpreted as a thinly-veiled form of political pressure on the country's divided politicians, is believed to be shared by other members of the armed forces.

Meanwhile, Portugal's main political parties appear to have adopted a low profile, reacting only ambiguously to the suggestion that Sr. Mota Pinto might continue as Prime Minister and present a new budget.

Although the Government virtually staked its survival on its budget proposals, both the Socialists and the Social Democrats have subsequently declared that the Prime Minister was not bound to resign as a result of his parliamentary defeat.

They have indicated, however, that the controversial 56 per cent tax on the extra month's salary, paid as a Christmas bonus, would have to be excluded from any future budget.

Foreign view of bank row worries Italy

BY OUR ROME STAFF

THE ITALIAN Banking Association (ABI) yesterday expressed grave concern over the possible internal and international repercussions of the arrest of Sig. Mario Sarcinelli, a deputy director-general of the Bank of Italy, and the incrimination of Dr. Paolo Baffi, the central bank governor, in connection with judicial inquiries into Societa Italiana Resine (SIR), one of Italy's major chemical groups.

At the same time, Sig. Filippo Maria Pandolfi, the Treasury Minister, said he would address Parliament on the affair later this week.

After an emergency meeting yesterday, ABI expressed its "full confidence" in Dr. Baffi and Sig. Sarcinelli and in the activities of the central bank. The Treasury Minister, together with other leading Italian political and economic personalities, has also come down heavily in support of the bank, which has vigorously denied the charges of alleged irregularies in the SIR affair.

According to Sig. Silvio Golzio, the ABI chairman, the events of the last few days could seriously compromise Italy's international credibility at a time when the banking system was heavily exposed on the international market. At the end of January the net overseas indebtedness of Italian commercial banks reached close to $6bn.

For its part, the senior management of the central bank was still standing firm on its threat to resign en bloc unless Sig. Sarcinelli was immediately released and the charges against both the governor and the deputy director-general were withdrawn.

The charges against the two top officials relate specifically to allegations that they failed to notify the judicial authorities about the findings of a Bank of Italy inspection into subsidised credits made by a Sardinian special credit institute to SIR.

Meanwhile, the view was hardening here that the sensational affair could be the fruit of obscure political manoeuvres to attack one of Italy's most respected and esteemed institutions, which has traditionally held itself aloof of political life, at a time of growing political uncertainty and the threat of an early general election.

The apparent attack on the Bank also comes at time when the central bank has made considerable efforts to increase the efficiency of controls on the banking system and has unearthed a series of irregularities over the past three years which it referred to the judicial authorities.

Scandal of the 'Black Funds'

BY PAUL BETTS IN ROME

OUTSIDE THE austere headquarters of the Bank of Italy in Via Nazionale in Rome, bank employees on Monday staged for the first time in the institute's history, a small but significant demonstration.

They were protesting against the decision to charge Dr. Paolo Baffi, the central bank governor, and to arrest Sig Mario Sarcinelli, a joint deputy director-general of the bank, in connection with the protracted judicial inquiries into one of Italy's major chemical groups, Societa Italiana Resine (SIR).

Like most of Italy's leading economists and politicians, they were unanimous in their indignation and condemnation of the unprecedented events that have shaken the entire country during the last few days.

Suggestions of obscure political manoeuvres behind the latest sensational events have been fuelled by the fact that the Central Bank had lately stepped up its so-called vigilance activities of which Sig. Sarcinelli is the head.

Indeed, during the last three years, the bank's vigilance committee has conducted an increasing number of inspections of the accounts and activities of the country's credit institutions, and in cases of irregularities had referred the issue to the judiciary.

One of these inspections led to perhaps one of the most significant scandals in the recent history of the Italian banking system.

It involved the central savings bank, Italcasse, whose late director-general and a former chairman of the Italian banking association, Sig. Giuseppe Arcaini, was accused in 1977 of running a so-called "black fund" allegedly used for the financing of political parties, but particularly the long-ruling Christian Democrats.

At the same time, the Central Savings Institute, which controls through the savings bank nearly a third of all deposits with the Italian banking system, was also accused of having favoured individual clients by exceeding central bank guidelines on the extent of lending to any one client.

The Italcasse affair brought out in public the complex relations between a large part of the political establishment and the country's key economic sectors.

Domination

This intricate web grew in particular during the mid-1950s when the Christian Democratic Party felt for the first time that its political domination in Italy was threatened.

To consolidate its position, it decided to increase political control over the banking system and the State sector, which represented the effective backbone of the country's economic structure.

The immediate effect of this surge of political interference in the economy was a sharp fall in the overall efficiency of the economic system.

It opened the door to increased abuse (including dubious industrial salvage operations largely motivated by electoral considerations) and to a whole series of operations dictated in many instances by private interests and political patronage.

Until the recent approval of legislation for the public financing of political parties, most Italian parties had to rely on external funding and donations to finance their activities.

Thus, they leaned on the main sectors of the economy, including the banks, State industry, and to some extent, private industry, for funds.

This led to the setting up of the so-called "Black Funds," the adoption of somewhat questionable criteria for nomination of senior State managers and bankers, and a system of mutual favour between industry, banks and politicians.

It was, and in large measure still is, a system of cliques. The controversy at the end of last year over the nomination of a series of senior chairmen to Italy's largest State corporations and to a number of banks is a case in point.

While in theory at least all the main political parties claimed they were now adopting more rational criteria based on the professional qualifications of candidates, in practice the end result was a general shareout of the spoils between the strongest parties.

In turn, this reflected the gradual decline in influence of the long-ruling party which in the past would have probably secured for its men all the plum jobs.

What has exacerbated this peculiar Italian situation has been the very nature of the Christian Democrat Party. The ruling party consists of a series of rival factions which are themselves split and which compete as vigorously against each other as against the opposition.

The leadership of the party is often divided, especially in the aftermath of the death last year of Sig. Aldo Moro, the party's one undisputed leader.

This has forced the party to perform the most delicate acrobatics to ensure a balance between all the different factions and their leaders.

At the same time, bitter infighting and often nothing more than personal jealousies have led to clashes and manoeuvres among party leaders and their supporters in industry, the media and other influential sectors.

Controversial

The general picture is further complicated by the ramifications of politics not only in industry but even in the judicial system.

This has recently led to a growing debate over the judiciary process in view of certain controversial initiatives by some magistrates.

Delays and postponements in Key trials, the escape of leading defendants, the appearance of Ministers and secret service officials in the witness box, and the continuing increase in political violence have done little to encourage public confidence in the system.

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هكذا من الأصل

hree charged with 3.54m savings bank 'aud in Barcelona

DAVID GARDNER IN BARCELONA

ANCIAL scandal involv- alleged embezzlement of han Pta 500m (£3.54m) been unearthed in na, affecting Spain's savings bank, the Caja siones para la Vejez y de s de Catalunya y Baleares simply known as the and the Banco Central, untry's second largest rcial bank.

men accused by the is principally responsible fraud are the Barcelona r, Sr. Pedro Baret , his son, Sr. Pedro Baret , who was arrested here ekend, and Sr. Ramon uardia, a Banco Central e.

Sr. Baret Sabater and rti have disappeared. ome Pta 150m of the was said to have been ed last week in a police the Baret offices.

charge that the Barets intermediary to attract rs to the Barcelona of the Banco Central. Sr. Marti worked, by the attractive yearly rate of 23 per cent. Central savings account it is not clear whether nuine or with forged es—were handed over n, while Sr. Marti is to have appropriated the

lleged fraud with dis- when one of the com- ffected checked with the Central's head office in

principal institution is the Caixa, which had d some Pta 370m) although it is not clear ltimately responsible for ney which is not re-

The Caixa insists that it is the Banco Central which has been defrauded, and which is legally responsible for the missing money. Lawyers acting for the Banco Central assert that the signatures on the savings account books were forged and that the transaction took place outside normal banking hours.

The case also acquired notoriety when Sr Baret Herrero, interviewed shortly before he was arrested, claimed that the money had been used to finance the election campaign of a political party.

The long term implication of the affair, however, may be that it will be seized on by people who believe the savings banks are increasingly failing to fulfil their traditional function, by changing the direction of their lending towards more profitable investments.

The savings banks are, in theory, non-profit making institutions which traditionally direct their credit towards first home buyers, personal loans to small savers, credit to small and medium-sized companies, and the construction industry—above all, that section of it associated with public housing.

The Caixa says that last month alone it lent over Pta 7bn in personal credit. However, changes in legislation which allow savings banks to act more like commercial banks has meant less money for areas like housing construction, which saw its share of savings bank credit drop from 57.9 per cent in 1977 to 56.6 per cent last year.

It is thought that Pta 15bn-20bn in credits from the savings banks are being drawn away from the construction industry each month.

. German trade surplus

ONATHAN CARR IN BONN

ERMANY had a trade of DM 2.4bn (about in February—bigger DM 2.1bn of the pre- nth, but well below the n achieved in February .

current account figure ade surplus less the n services and transfer s) shows a rise on both —the surplus here totalled n last month against a balanced result in January, and a DM 500m surplus in February, 1978.

Taking the first two months of this year together, West German imports were worth DM 41.9bn and exports DM 46.3bn—increases of 10 per cent and 8 per cent respectively against the same period of 1978.

In 1978 as a whole, West Germany increased its trade surplus by DM 2.3bn against 1977

Targets set for State concerns in Turkey

By Metin Munir in Ankara

AS PART of its measures for stabilising the economy the Turkish Government yesterday set production and export figures for State-run industries with the hope of injecting some life into these inefficient organisations.

The State economic enterprises account for half the country's industrial output, but because they function more like Government offices than profit-making companies they generally make a loss. They receive considerable State subsidies and have been allowed to borrow from the central bank, taxing public financies severely and contributing to inflation.

Companies

Production targets have now been set for prominent State companies in paper, electricity, textiles, mining, cigarettes, iron and steel, petrochemicals, fertilisers, cement and coal. The figures indicate they will have to work close to full capacity in order to achieve these targets.

Whether this is possible, given the foreign exchange constraints, difficulties in implementing plans and the traditional inefficiency of these companies, remains to be seen. Certainly, in view of past performance and the low capacity usage last year, the targets appear too ambitious.

Among the export targets set for the State concerns are $70m worth of tobacco, 129m tons of minerals, 235m tons of meat, and 39m tons of arms and ammunition.

Enterprises

The financing requirements of State enterprises last year were estimated at TL 87bn (£1.73bn) compared with TL 58bn (£1.15bn) in 1977.

● Britain's Chief of Naval Staff, Admiral Sir Terence Lewin, met Turkey's naval commander, Admiral Bulent Ulusu yesterday, Reuter reports from Ankara.

Admiral Lewin will also meet the Turkish Chief of Staff, General Kenan Evren, and the Minister of Defence, Mr. Neset Akmandor, and tour military installations before leaving on Friday.

● NEWS ANALYSIS—BRITAIN AND THE EEC BUDGET

A question of interpreting the figures

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE European Commission's latest calculations of the financial gains and losses derived by different countries from EEC membership seems likely to stir up a good deal of heated debate in Brussels. It will centre not so much on the accuracy of the figures, which is unlikely to be seriously challenged, but on exactly what they mean.

The joker in the pack is that unloved, though increasingly familiar, creature the Monetary Compensatory Amount (MCA). Everyone agrees that the MCA operates as a subsidy, but there is wide disagreement as to which countries benefit from it most.

MCAs were invented in the late 1960s, originally as a temporary measure to preserve a common market in agriculture from the effects of abrupt exchange rate movements in the EEC. But, despite repeated attempts to dismantle the system, most recently by France, it has gone from strength to strength.

In countries like Germany, whose currencies have appreciated in recent years, MCAs act as a subsidy to farmers' incomes, by enabling them to export high-priced goods competitively, and as a tax on food imports.

Conversely, in countries like Britain and France, whose currencies have become relatively weaker, MCAs act as border taxes on farm exports and as a subsidy cheapening the price of food imports. Thus in Germany, a cut in the level of national MCAs reduces farmers' incomes, while in Britain and France it increases them.

In budgetary terms, trying to decide who gains most from MCAs is rather like arguing whether a zebra is a black animal with white stripes or vice-versa. Thus the Commission has wisely, if uncourageously, ducked the issue by presenting last year's budget flow figures in two different ways. One attributes MCAs entirely to exporting countries while the other credits them purely to importing states (see table).

It is thus possible to argue that MCAs are a massive balance of payments subsidy to Britain which enable its consumers to buy imported food at well below common EEC prices and which held its net budget contribution last year down to an acceptable 404m units of account (£270m).

On the other hand, it can be maintained that they are a device which enables inefficient farmers in countries like Germany to continue over-producing high priced products

EEC NET BUDGET CONTRIBUTIONS AND RECEIPTS BY COUNTRY IN 1978

in millions of European units of account: (1 UA equals £0.67 or $1.35)

	Actual national balances reflecting adjustments under Article 131		National balances if Article 131 adjustments not operating	
	MCAs attributed to exporting country	MCAs attributed to importing country	MCAs attributed to exporting country	MCAs attributed to importing country
Germany	−357.2*	−530.2	−147.0	−320.0
France	−184.0	−471.7	− 53.7	−341.4
Italy	−822.5	−404.0	−743.1	−324.6
Netherlands	+137.3	− 42.5	+182.2	+ 2.4
Belgium	+332.6	+289.5	+366.7	+323.6
Luxembourg	+ 8.3	+ 8.3	+ 9.2	+ 9.2
UK	−998.6	−284.0	−1,480.0	−765.4
Ireland	+525.0	+314.6	+506.6	+296.2
Denmark	+599.9	+360.8	+599.9	+360.8

Plus sign = net receipt; minus sign = net contribution.

by means of a subsidy from the UK which swelled its net budget contribution last year to almost 1bn u.a.

Proponents of the former view would argue that Britain should not complain too much about alleged inequities in its budget contribution because these result to a large extent from its failure to maintain a stable currency. To which the UK retort is that Britain provides a huge market for imports of continental farm products which could not otherwise be sold. Furthermore, MCAs fail to cover the full difference between EEC and world prices.

Without outlets in Britain, the argument goes, such production would either be added to EEC surpluses or dumped on the world market, at a substantially higher cost to the Common Market than at present. Why then, it is asked, should the UK be penalised through the EEC budget for helping to keep uncompetitive continental farmers in business at the expense of its own, more efficient, producers?

The fairest method of calculating budget flows in the EEC would probably be to abstract MCAs from the sums completely. But so far, the Commission has refused to do this, perhaps because it fears that it might then be forced to stop muddying the issue and point the finger of blame squarely at one country or another.

Despite the confusion caused by the dual presentation of MCAs, the Commission figures do come down in Britain's favour in one important respect. They show that however MCAs are attributed, Britain would have been the single largest net contributor to the budget last year if its payments had not been limited by the special arrangements enshrined in Article 131 of its EEC accession treaty.

These arrangements, which have so far set a ceiling on the annual rise in U.K. budget payments, lapse at the end of this year. The Commission figures leave little doubt that if Britain is not already the EEC's biggest net contributor, it is virtually certain to become so next year.

This is a trump card for a Government arguing that it bears an unfair share of EEC costs—provided that it is played with more skill than the British hand has been so far.

Romania cracks down on human rights activists

BY PAUL LENDVAI IN VIENNA

ROMANIAN police have arrested or temporarily detained a number of human rights activists, including leaders of an underground trade union movement and religious dissidents.

The arrests are part of a crackdown on organised political activity which is evidently causing some concern to the authorities.

Dr. Ion Cana and Mr. Gheorge Braosveanu, an economist—the founders of the Free Unions of the Workers of Romania—have not been seen for several days and are feared either under house arrest or in jail.

Their telephones were disconnected on March 6, one day after Mr. Paul Goma, the exiled writer, announced in Paris that the movement had been formed.

The manifesto, the text of which has reached the West, calls for the right to associate freely, to found trade unions and join international union organisations.

The document also demands an improvement of labour relations in general, and an end to privileges, including special shops and hotels, for party officials.

It was initially signed by 20 people living in Bucharest and Turnu Severin, a town in south-western Romania. During the past two weeks, at least 25 others, mainly workers, are said to have joined the movement. The signatories appended their addresses and in some cases, their telephone numbers.

Significantly, the manifesto repeatedly referred to a speech by President Nicolae Ceausescu, made in February, 1971, in which, obviously under the impact of the Polish upheaval of December, 1970, he sharply criticised the unions and called for real participation from below.

In view of low living standards and forced industrialisation, Romanian miners in the summer of 1977 staged a strike in the Jiu Valley protesting against poor living conditions and in particular, against a new pension law. Subsequently, the Government made significant concessions and changed the controversial pension regulations.

The Free Union movement is the largest such organised action since a letter of petition initiated by Mr. Goma in February, 1977, and sent to the Belgrade follow-up conference on European security. Most of the signatories were harassed and temporarily detained by the police, but were finally allowed to emigrate to the West.

The police have also acted against religious dissidents. Mr. Gheorghe Calciu, 52, an orthodox priest and professor of theology, who had already spent 15 years in prisons and camps, was arrested on March 10 because he demanded more freedom and autonomy for the Orthodox Church.

Mr. Pavel Nicolescu, leader of the Baptists and founder of a 28-strong Christian committee for the defence of religious rights, is understood to have been temporarily detained this week.

Mr. Dick Verkajck, a Dutch reporter who accompanied the visiting Dutch Foreign Minister to Bucharest and called on the parents of Mr. Nicolescu, was detained by the security police for 90 minutes yesterday, without any explanation.

Mr. Aurel Statu, a professor of German literature in Bucharest, was arrested earlier this month, as was Mr. Emil Riman, director of the Bucharest Muncipal Theatre.

Both the declaration of the unionist group and statements issued by the Paris-based Committee in Defence of Human Rights in Romania were broadcast to Romania by the Munich-based Radio Free Europe.

Rumours, evidently spread by the régime, that the recent dissident movements are in fact acting on Soviet orders, have been strongly denied by observers. The fact that so many people are willing to risk their freedom in making public protests, is seen here as a politically significant development, even though it does not pose a serious threat to the Romanian régime.

ASEAN scheme

MANILA—An emergency petroleum sharing scheme among the Association of South-East Asian Nations (ASEAN) will be the central topic of the ASEAN Council on Petroleum meeting which opens here today, an ASEAN spokesman said.

Initial outlines of the scheme would require net oil exporting ASEAN countries to set aside a portion of their production as part of the emergency petroleum pool to help net importing members, he said.

In times when no emergency exists, the ASEAN oil importing countries may also have to take part of the excess production of exporting members, he added. Reuter

OVERSEAS NEWS

THE MIDDLE EAST

Israel steps up oil drilling in Sinai prior to handover

BY DAVID LENNON IN TEL AVIV

ISRAEL this week started drilling a new well in the Sinai oilfields which it is due to hand over to Egypt in seven months time. It is the first of three new wells which Israel plans to drill in the coming months.

The American operating company, Superior-Neptune, did not want to carry out the work, because it sees no hope of recouping the investment. But the Israeli Government insisted that the company honour its contract and proceed with the drills.

Israel discovered oil in the Gulf of Suez, off A-tur on the Sinai coast early last year. The field, called Alma, was brought on stream last March and present production levels are about 34,000 barrels a day. This meets one-fifth of Israel's oil needs.

Nine wells are operating in the Alma field and its "B" extension. Three new wells will be in the extension and will be designated B-5, B-6 and B-7.

Because of the difficulty it has in obtaining oil, especially since its main source, Iran, has halted supplies, Israel was reluctant to give up the field. During the peace negotiations it tried to win preferential arrangements with Egypt for supplies from the Alma field.

Superior-Neptune can bring a well on stream within 28 days. So even with only one rig, it will be possible to complete the new drilling and bring the wells on stream in advance of the hand-over date.

Completion of these new wells will match the original plan for 12 wells to be operating in the Alma field, producing close to 50,000 barrels a day.

Oil from the wells is fed through pipelines to a tanker anchored in the field which then carries the oil to Eilat.

Loose ends settled in last minute talks

BY OUR TEL AVIV CORRESPONDENT

THE FINAL flurry of negotiations between Egypt and Israel on the eve of the signing of the Peace Treaty produced agreement on a number of points which had been left open.

Mr. Menahem Begin, the Prime Minister, listed the following points when he addressed Israeli correspondents in Washington:

1—*OIL: Israel agreed to* evacuate the Alma field in the Gulf of Suez in seven months' time with Egypt agreeing to supply Israel with the production from the field for the following two months. This is a compromise between Israel's desire to hold the field for nine months and Egypt's demand that it be handed over after six.

2—**EL ARISH:** Israel agreed to withdraw from the main town in Sinai after two months rather than at the end of the *nine months' interim withdrawal* period. Egypt had asked for an early return of the town as a gesture of goodwill.

3—**MR. BEGIN** will visit Cairo next Monday as a reciprocal visit for President Sadat's trip to Jerusalem in 1977. This is instead of Mr. Begin's demand that additional treaty signing ceremonies be held in Jerusalem and Cairo.

4—**OPEN BORDERS:** Egypt and Israel will open their borders to each other's nationals *in two months' time* instead of after nine months as originally stipulated in the peace agreement.

Oil action welcomed in Baghdad

By Roger Matthews in Baghdad

THE DECISION by OPEC to increase the price of crude oil overshadowed the conference of Arab Foreign and Economic Ministers which opened here yesterday. The price rise was seen by the more radical states as a partially effective and swift response to U.S. involvement in the Egyptian-Israeli peace treaty signed on Monday.

The oil price decision may to some extent ease the pressure on the more conservative Arab countries, such as Saudi Arabia, *to adopt a more actively anti*-Egyptian stance. Conference delegates emphasised that whatever other factors may have influenced the OPEC move *there should be little doubt* that the U.S. role in the Egyptian-Israeli treaty was of major political importance to the main Arab producers.

Today however the Ministers from 18 Arab countries will again be concentrating here on specific sanctions to be taken against President Anwar Sadat of Egypt in implementation of the "secret" agreement reached at the summit meeting last November.

Our Cairo Correspondent: Egypt yesterday froze its activities with the Arab League to pre-empt any move against it at the Baghdad summit.

Amin opponents prepare return to 'liberated' areas

BY OUR FOREIGN STAFF

THE CHAIRMAN of the newly founed Uganda National Liberation Front, which is dedicated to the overthrow of President Idi Amin, says its members would travel as soon as possible from their Tanzanian base into Uganda to administer "liberated" areas of the country.

Dr. Yosef Lule, 68, a former vice-chancellor of Uganda's Makerere University, said his organisation would probably establish itself in the southern town of Masaka in the heart of the area said to have been captured from Government forces.

In Uganda, itself, reports of the situation there remained confused, although Radio Uganda announced that President Idi Amin claimed a victory over invading Tanzanian forces.

It said Ugandan forces had "reunited" the airport at Entebbe with the capital Kampala. Earlier Radio Uganda reports that the road had been cut by the Tanzanians was treated sceptically by most observers and denied by the Tanzanians.

The state radio also issued a denial that Prseident Amin had fled the country. It said he was at the front line commanding his troops.

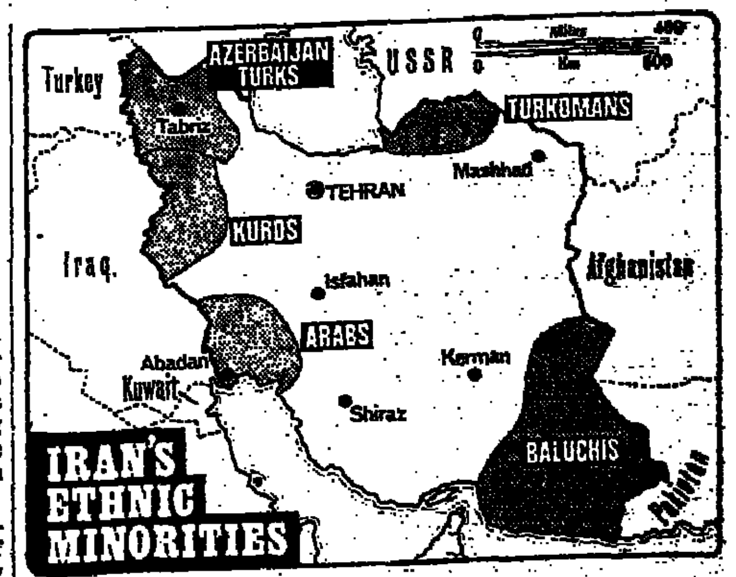
The Uganda Liberation Front said it would be able to move into Uganda within days and that the chairman of its military committee, Mr. Paulo Muwanga, was already on his way to the scene of the fighting between Tanzanian-backed exile forces and President Amin's own troops.

The Front gave a Press conference in the northern town of Mishi after a weekend meeting *of Ugandan exiles from the* United States, Europe and Africa which ended with the formation of the UNLF.

"The Ugandan problem is not new," Dr. Lule said. "Since 1971 we have been ruled by Amin and we have been subjected to all sorts of cruel treatment. Many of our people have died, we don't know exactly, perhaps 300,000."

Quentin Peel reports from Johannesburg: Guerrillas *belonging to the South West* Africa People's Organisation (SWAPO) have abducted 39 schoolgirls and a schoolmistress, and shot an elderly white farmer in the north of Namibia (South West Africa), the South African authorities in the Territory have claimed.

The shooting of the farmer followed reports of large bands of guerrillas operating beyond the traditional "operational area" in the territory.



Turkomans battle supporters of Ayatollah Khomeini

BY SIMON HENDERSON IN TEHRAN

BITTER FIGHTING has broken out in the north-east Iranian town of Gonbad-e-Kabus between local people and supporters of Ayatollah Ruhollah Khomeini. This is the second time in a week that differences between provincial minorities and the central Government have resulted in violence.

At least 18 were killed and 40 wounded in the two days of fighting between the Turkomans of the area, close to the Soviet border, and the Ayatollah's supporters, who have controlled the town since last month's revolution.

Iran's half million Turkomans, like the Kurds who took part in last week's fighting, have tried to assert their independence of the new Government. They have been taking over farmland which the exiled Shah had distributed to senior Army officers and civil servants.

The latest fighting occurred as the Iranian Army was finding itself in increasing disarray. Gen. Nassir Farabod was appointed as the new Army commander yesterday, to replace Gen. Mohammed Vali Qaraneh, who is believed to have resigned because he was unable to rebuild the Army as a fighting force.

Since the revolution, many soldiers have gone absent without leave, and more than 200 senior officers have been purged.

The trouble in Gonbad-e-Kabus, the main Turkoman town, started on Monday, when a large meeting in a local park, *held in protest at the killing* by Government militia of a local boy, was fired on by militia and Army units.

Five people were killed and 40 injured in this incident. People in the town say firing has gone on continously since then, and all the schools and shops have shut.

Yesterday, a group of Turkomans disarmed Iranian border guards at a post on the Soviet frontier, while other Turkomans prepared to defend Gonbad-e-Kabus against further attacks by Government forces. Left-wing guerrillas are helping the local people, according to some reports. Three hundred armed supporters of Ayatollah Khomeini are also said to have arrived in the town.

Last week's disturbances in Kurdistan, close to the Iraqi border, were partially quelled after a delegation led by a senior religious leader went to the area.

The official news agency, reporting the Turkoman fighting, says local Moslem priests have asked for a similar delegation to be sent to the Turkoman region.

Bhutto sentence 'should be commuted,' says judge

BY CHRIS SHERWELL IN ISLAMABAD

IN A new development which could significantly improve Mr. Bhutto's chances of escaping the gallows, a Pakistan Supreme Court judge has disclosed that *the court's final decision* on the fate of the condemned former Prime Minister amounted to a recommendation that his death sentence be commuted.

Mr. Justice Safdar Shah, one of the three-man dissenting minority which originally acquitted Mr. Bhutto, said yesterday that all seven judges *were aware that this was* the construction to be put upon a key phrase inserted into their final pronouncement on the case last Saturday.

In that judgment, rejecting a request for a review of their earlier split opinion confirming Mr. Bhutto's death sentence, the judges stated that defence arguments for a reduction of sentence were "relevant for consideration by the executive authorities in the exercise of their prerogative of clemency."

Officials have since been at pains to discount reports that this amounted to a request that Pakistan's military ruler, General Zia-ul-Haq, commute *the sentence. But Mr. Justice* Safdar Shah has now contradicted this interpretation totally.

Answering journalists' questions, he said: "These words should be honoured by any head of state and they should commute the sentence. Even the slightest suggestion by the Supreme Court, saying 'while our hands are tied these are considerations for the executive' means that they will always commute the sentence. There is not one occasion I can remember in which they have been violated."

This statement will undoubtedly increase the pressure on General Zia to commute Mr. Bhutto's death sentence. It also coincides with the interpretation put upon the relevant phrase by Mr. Bhutto's lawyers.

It will almost certainly put the spotlight back on the seven judges, who have been involved in a tremendous legal tussle in arriving at their final conclusions in the case. Last month they split four-three on the crucial matter of Mr. Bhutto's guilt. The majority then confirmed the death sentence without, as it turns out, hearing arguments on the matter from *Mr. Bhutto's defence lawyers.*

Cambodian guerrillas 'hit back at Vietnamese'

BANGKOK — Guerrillas of the fallen Cambodian regime claimed yesterday they had killed or wounded more than 300 Vietnamese soldiers and destroyed six military vehicles *in recent fighting in six areas of* Cambodia.

The voice of Democratic Kampuchea also continued its attacks on Laos, branding it a *slave state of Vietnam.*

It said that under the toppled regime of Premier Pol Pot the Vietnamese stationed three divisions along the border between Laos and Cambodia and used the Laotian embassy in Phnom Penh to carry out espionage.

The broadcast said guerrilla forces scored fresh victories in the week ended March 23 in Ratanakiri province in the northeast, Kompong Cham, Kompong Thom and Kompong Chnang in the east and central part of the country, along highway four from Phnom Penh and the sea and at Battambang in the northwest.

Meanwhile, at the Thai-Cambodian border it was reported that Pol Pot troops had staged attacks against the key frontier crossing town of Poipet early yesterday.

Sounds of fighting could be heard in the Thai town of Aranyaprathet, just across a border-making creek from Poipet which was captured by the Vietnamese-backed Government forces early this month.

Bands of guerrilla fighters still operate along the Thai-Cambodian border and sometimes make contact with Thai officials along the frontier. Some reporters have entered Cambodia *to interview and photograph* the Pol Pot troops who appear to have come under increased pressure over the past month.

Vietnamese reinforcements recently have been sent to Cambodia, possibly to launch a drive against the remnants of the toppled regime before the monsoon rains set in and make military operations difficult, according to reports from Bangkok.

One Asian analyst said elements of three to four divisions had moved into Cambodia. Western analysts could not confirm this figure but said reinforcements had been dispatched and estimated the Vietnamese force now inside Cambodia at between 120,000 and 130,000 troops.

Hanoi pulled some of its troops out of Cambodia during the recent border war between China and Vietnam as part of a mass movement to strengthen its *northern frontier with China.*

Meanwhile in Tokyo, two Japanese newspapers said yesterday that the Soviet Union had been conducting large-scale military exercises near *the* Chinese border since early this month.

Agencies

Iopes fade for olution to rucking crisis

JOHN WYLES IN NEW YORK

CARTER Administration, ucking industry employers ie Teamsters' Union are hope that potentially the ritical industrial confron- in the U.S. for many years avoided when the truck- lustry's national contract ; at midnight on Saturday. l yesterday, the employers ie union had not even to negotiate the key m of pay and benefits ie for 300,000 truck : who, if they are called ii strike, could seriously ; the economy.

isters' leaders have I giving any indication of ney plan to do if there is eement by Saturday, but rongest clue emerged on y afternoon, when the filed a highly unusual suit. In essence, the ters are asking a federal to order the Government al testimony which would ven in support of an istration application for a -work order under the artley Act.

ident Carter and Mr. Ray ll, the Labour Secretary. lready said they believed a Teamsters strike would cause a national emergency and would, therefore, qualify for an injunction ordering an 80-day cooling-off period.

In court papers, the Teamsters argued that an agreement was unlikely before Saturday "in part because of Government interference." The unions claims that Taft Hartley proceedings are usually so swift that a union is at a disadvantage in challenging Government contentions that a stoppage is endangering national welfare. It wants to be able to take testimony from Government officials before any application for a Taft Hartley injunction.

Even before a coust battle over Taft Hartley, the already developed into a clear Teamsters' negotiations have confrontation betwen the union and the Administration over the Government's voluntary pay curbs. Union leaders are seeking pay and benefits increases over three years of 40 per cent and more, and with inflation now running at well over 10 per cent, the Teamsters believe they could not sell 7 per cent a year increases to their members.

Citibank man fired 'or incompetence'

DAVID LASCELLES IN NEW YORK

INK has changed — ntly for the second time reasons for firing Mr. Edwards, the former r of its international g group who is now the bank for wrongful al, and alleging ques- e foreign exchange es.

Walter Wriston, chairman w York's largest bank, in an interview with ive, the magazine of l Business School, that lwards was fired because s "totally incompetent." riston also says that Mr. ds's accusations about the foreign exchange prac- id not arrive until after missal.

Wriston's comments: the few he has made in since the dismissal last r, differ sharply from evious versions of events ing from Citibank.

t papers filed by Mr. ls include his notice of al sent by Mr. Thomas ld, executive vice-president of the International Banking Group, in December, 1977, which suggested not only that the accusations arrived before his dismissal, but were the cause of it.

It said: "We have concluded that your continued allegations were detrimental to the best interests of Citibank. We therefore request your immediate resignation."

Shortly after Mr. Edwards filed his suit, Citibank's house magazine, Citibank News, published an article contradicting Mr. Theobald's statement that the allegations led to the dismissal. The article said Mr. Edwards had been fired "not because he raised questions about banking practices, but because of circumstances surrounding his refusal to accept reassignment."

Mr. Edwards, commenting on Mr. Wriston's statement, said yesterday: "I am concerned that Mr. Wriston says these things because they contradict the facts, and I wonder if he is being told the truth."

Canada poll date set for May

OTTAWA — Canada will hold a general election on May 22, Mr. Allan MacEachen, the House of Commons majority leader, said on Monday night.

The move came as no surprise, although there had been speculation that Mr. Pierre Trudeau, the Prime election. The ruling Liberal Minister, would call a June Party's five-year mandate would have expired on July 8.

Mr. Trudeau said on television ...soon ...after ...Mr. MacEachen's announcement that he would campaign for "the new economic policies required to make the 1980s a decade of development."

He said he would stress the issues of Quebec separatism, economic development, job and income security, reduced Government deficits and energy supplies.

He spoke of a "strong national Government" and said: "Our opponents, by contrast, seem to think that energy and other problems can be solved by giving away powers to the provinces."

The distribution of seats in the present 264-seat House of Commons is: Liberals 133, Progressive Conservatives 98, New Democrats 17, Social Credit 9, and Independents 5. There are two vacancies. The Commons will be expanded to 282 seats after the election.

Mr. MacEachen made his announcement while Mr. Trudeau was at Government House with a formal request that Mr. Edward Schreyer, the Governor-General, dissolve the 30th Parliament.

AP

Clark's travels turn Liberal fortunes

BY W. L. LUETKENS

THE DAY Joe Clark lost his luggage may have changed not only his own life but the future of Canada: it could just have robbed him of what had looked an almost assured chance of becoming the next Canadian Prime Minister at the head of the first Progressive Conservative Government since 1963.

But by the time reporters accompanying him on a world tour early this year had had their fun with Mr. Clark's misfortune—in all conscience one that could have happened to any air traveller—and with some of his more touristy remarks en route, the Progressive Conservatives had slipped behind the ruling Liberals in the Canadian public opinion polls for the first time in many months. Mr. Pierre Elliott Trudeau, the old pro in residence in the Prime Minister's residence on Sussex Drive in Ottawa since 1968, hesitated briefly and then saw *his opening*. He called the election for May 22.

The episode of the lost bags might be thought irrelevant, but it *really* is not. At 39 years-of-age and in a contest with one of the longest-serving heads of government in the Western world, Mr. Clark has to overcome the stigma of inexperience if he is to win. He looks boyish — as Mr. Trudeau did when he burst on the political scene in 1967—but in the three years as the head of his party, Mr. Clark has aroused nothing akin to the Trudeaumania of the late 1960s. Conscientiousness is his obvious virtue.

But then, Mr. Trudeau no longer inspires mania either. The reforming enthusiasm of the 1960s has given way to nagging worries about the economy, and about national unity. When will growth snap out of its present dull phase? And can Quebec be kept within confederation, and at what price?

As the son of a French father and an English mother, Mr. Trudeau initially seemed to be the man designated by fate to make French Canadians feel that at last they had become equals in Canada, rather than being the poorer minority. His chosen vehicle was bilingualism, making French and English the langauge of government with equal status for both.

The failure of this, too intellectual, approach became obvious on November 16, 1976, when Quebec elected a Provincial Government that, at the very least, wished to loosen the bonds with the rest of Canada. For a while it gave Mr. Trudeau a lift. A man of his background and stature seemed more calculated than Mr. Clark to keep the nation together.

But Mr. Rene Levesque's Quebec Government lay low and the issue of national unity has somehow drifted into the background, behind the economic worries.

It is this issue which the Tory cohorts have been exploiting. They ask for a diversion of resources to the private sector, back from the public sector which had grown hugely in the decade until 1976. Mr. Clark made his bid for suburbia with an undertaking to make home-owners' mortgage interest tax deductible.

In the midst of a stock market boom that has gone on almost uniterrupted for more than a year he undertook to exempt from capital gains tax the gains accruing from the disposal of shares in Canadian-owned companies.

Above all the Tories pitched into the Liberals for their management of the exchange rate. Since the return of the Levesque Government in Quebec, the Canadian dollar has fallen from U.S.$ 1.03 to below U.S. cents 84 in mid-January of this year. But it has staged a rally since, which will not have escaped the Liberal campaign startegists.

Government borrowing abroad is part of the explanation for the return of the Canadian dollar above U.S. cents 85. But there are signs that the economy is a good deal stronger than the current growth rate of 3 per cent would imply. Employment, in spite of an 8 per cent unemployment ratio, is higher than ever, and exports are doing strongly on the back of the devalued dollar

But the inflationary effect of devaluation has begun to be felt and food prices have started rising cyclically. Mr. Trudeau must have known that delaying the election much longer might have been dangerous, since for constitutional reasons he could not wait beyond the autumn.

The issue on May 22 will be delicately poised. There is a strong chance that either Mr. Clark or Mr. Trudeau will have to form a minority Government. Mr. Trudeau did so in 1972, when he was kept in office by the tacit support of the social democratic New Democratic Party, only to come back with a majority in 1974. This time it could well be Mr. Clark's turn, although the NDP has even less in common with him than with the Liberals.

Regardless of who wins, the result will show a deep regional split in Canada. For the Liberals' lead of 42 per cent against 37 for the Progressive Conservatives in a poll taken for Canadian Television (CTV) during February was due entirely to a 63-19 lead in Quebec and one of 46-31 in the thinly populated Atlantic Provinces. Ontario, where the election will probably be lost and won, preferred the Tories by 42-38. Farther west the Liberals looked even worse. So the election could drive the Liberals in on their traditional redoubt in Quebec, with profound implications for national unity.

THE CONTENDERS: Pierre Trudeau and Joe Clark.

PARTY STRENGTHS AND PROSPECTS

	Seats at dissolution*	Voting intentions in February†	Prospective seats on basis of poll‡
Liberals	133	42%	120-137
Prog. Cons.	98	37%	125-136
NDP	17	17%	18- 20
Others	14	4%	1- 7

** Two seats are vacant.*
† Decided voters, in a poll taken for CTV by Complan.
‡ Estimates prepared by Prof. Andre Bernard, University of Quebec, published in Le Devoir, of 2nd March, 1979.

U.S. Justice Department drops uranium inquiry

BY DAVID BUCHAN IN WASHINGTON

THE Justice Department has run into sharp criticism from members of the Senate anti-monopoly committee for dropping its criminal investigation of U.S. and foreign companies for allegedly running a cartel fixing the price of uranium.

But Mr. John Shenefield, the Department's anti-trust chief, told the committee on Monday that the case against Gulf Corporation and Rio Tinto, the British uranium producer, among others, had been dropped, and a grand jury investigation dismissed, because "we could not win a felony prosecution."

In the event, Gulf, which has uranium subsidiaries, was fined $40,000 last year for a misdemeanour, while Rio Tinto, supported by a British House of Lords ruling, refused to co-operate in the investigation.

Mr. Shenefield warned committee members wanting to probe further into the Justice Department's dismissal of the case without seeking criminal indictments that they would need a court subpoena to compel Justice Department lawyers to testify on Capitol Hill.

Westinghouse, the nuclear power plant manufacturer, still has a civil anti-trust case against the uranium companies, which it claimed conspired to force up the world price of uranium, and thereby caused Westinghouse enormous legal problems in renegotiating contracts to supply uranium to power companies.

Trinidad faces serious fall in oil output

BY DAVID RENWICK IN TRINIDAD

THE Trinidad and Tobago Government is hoping that the oil exploration contracts it intends to award under production-sharing arrangements by the middle of this year will help to arrest a decline in output which is beginning to assume serious proportions.

Daily output in January, the latest month for which figures have been issued by the Ministry of Petroleum and Mines, was 213,909 barrels, against 234,627 barrels in the same month last year, a decrease of 8.8 per cent.

Compared with output in 1978 as a whole, which averaged 229.527 b/d, the January, 1979 performance represented a 6.8 per cent drop.

Amoco Trinidad Oil Co., the local subsidiary of Standard Oil of Indiana, which normally produces 59 out of every 100 barrels of local crude, accounts for almost the entire decrease.

From January 1978 to January 1979, for example, the level of its output went from a record 142,655 b/d down to 121,850 b/d.

This occurred because an increasing proportion of Amoco's marine wells have reached the point where secondary recovery by means of water flood had to be applied. Less oil is normally produced in this manner than by primary recovery methods.

Teak, one of its three fields off Trinidad's east coast in the Atlantic Ocean, is now almost entirely operating on secondary recovery. An extensive exploration programme by the company in new sections of its existing concession area has so far failed to lead to any new oilfields.

Further exploratory activity on land by other companies has also failed to provide any noticeable net output of new oil, despite fairly generous investment and production incentives given by the Government to land-based operators two years ago. In the absence of any new oil finds, the forecast for the 1980s makes unhappy reading.

Oil production is expected to go from 82.8m barrels this year to 81.8m in 1980, then drop sharply to 73.9m barrels in 1981.

A more gradual decline to 70.7m barrels is likely in 1982, with another abrupt fall to 61m barrels by 1983.

Since oil tax revenue is the prime determinant of the Government's surplus income position, a decline in production has unfortunate implications for the ambitious heavy industrialisation programme on which the public sector has embarked. This includes fertilisers, petrochemicals, iron and steel, aluminium smelting and methanol.

The acreage up for bids this year is all located off-shore, the likeliest place for any new oil finds. Some of it is brand new but a considerable portion represents concession areas returned to the state by oil companies under the 50 per cent surrender clause of earlier contracts.

The companies therefore have a fairly reliable idea of the potential of the areas involved and interest among them is said by Ministry officials to be "high."

Russia's Western trade deficit widens sharply

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

THE SOVIET UNION'S trade deficit with the West doubled last year to 2.28bn roubles (£2.96bn), but its overall trade remained in surplus thanks to a continuing but reduced surplus on trade with Comecon and higher exports to the developing countries.

The overall balance of trade showed a surplus of 1.1bn roubles (£1.46bn) which was sharply down on the 1977 surplus of 3.1bn roubles, the Ministry of Foreign Trade announced. This was partly due to a drop in Soviet exports to the West, down to 8.7bn roubles from 8.8bn, coupled with higher imports from the West of 10.9bn roubles compared with 9.9bn roubles in 1977. Another major factor was a sharp drop in the surplus on Soviet trade with the rest of Comecon which fell to 469m roubles from 1.6bn roubles on a 17.5 per cent rise in trade turnover to 39bn roubles.

Comecon trade showed the most dynamic growth last year with Soviet exports rising to 19.7bn roubles from 17.4bn, while imports rose to 19.2bn roubles from 15.8bn. The Soviet Union has accumulated an overall trade surplus of an estimated £2.5bn over the last four years following higher export prices for its oil, gas and raw material exports. Part of this deficit has been converted into long-term *loans.*

The latest figures show the effort now being made to redress the imbalance. Poland, for example, which has borrowed from both the Soviet Union and the West to finance its trade deficits and investment programmes, turned a 1977 deficit of 324m roubles into a surplus of 150m roubles last year. Soviet imports from Poland jumped from 2.87bn roubles to 3.60bn, while exports rose at a slower pace from 3.2bn to 3.45bn roubles.

The Soviet Union's trade with the developing countries grew by only 2.6 per cent last year, but its surplus increased to 2.9bn roubles from 2.3bn in 1977, reflecting a rise in exports *to 5.7bn roubles from 5.3bn* while imports from the developing countries dropped to 2.8bn from 3 bn in 1977.

E. Europe halts opening of UN meeting

BY BRIJ KHINDARIA IN GENEVA

THE SOVIET UNION and its eastern bloc allies yesterday blocked the formal opening of the UN Economic Commission for Europe (ECE) annual conference by insisting at the last minute that a three-year-old Soviet proposal calling for "all-European congresses" to discuss environment, energy and transport remain on the Commission's agenda.

The West has been lukewarm towards the proposals but under pressure from the East in the past reluctantly allowed preparatory work to be undertaken aimed at calling a "high-level" meeting to discuss protection of the environment. No substantive discussions have yet been held on the proposals concerning energy and transport.

The Eastern camp agreed to go along with this but is now insisting that its original proposals for far-reaching "congresses" on all three themes should not be shelved until a decision is taken on whether the meeting on environment will be held.

The Soviet proposals are thought to arise from fears that it might be left out of the mainstream of developments in Europe concerning co-operation in energy, anti-pollution measures and long-haul transport matters.

Pakistan signs $330m Mirage deal

In an attempt to modernise its ageing airforce, Pakistan's military Government is to purchase 32 Mirage 3 and Mirage 5 jet fighter aircraft from France under a $330m contract signed in Pakistan yesterday, Chris Sherwell reports from Islamabad. The exact number of each aircraft are not known, but they amount to two new squadrons. Pakistan already has four fighter squadrons and one reconnaissance squadron of Mirage 3s. The first of the new aircraft will be delivered in 1981. Details of the armour and missiles they will carry are not known at this stage.

Concast U.S. order

Concast of Zurich has received a turnkey contract to supply a 1m tons a year continuous slab casting plant for the Granite City steel division of National Steel Corporation of the U.S. with commissioning scheduled for early 1981 our Zurich Correspondent writes.

Ecuador power plant

Toyo Menka has signed an agreement for construction in Ecuador of a 34.500 kw thermo-electric power plant. The $23.7m plant is to be completed within 18 months. Toyo Menka will provide finance for 85 per cent of the cost, with the remainder being met by a $3.5m loan provided by the Bank of Londo nand Montreal, Reuter reports from Quito.

SHIPBUILDING

EEC 'scrap and build' plan finalised

BY GILES MERRITT IN BRUSSELS

PLANS BY the European Commission for an EEC "scrap and build" scheme that would ease the shipping industry's over capacity problems while providing work for shipyards in the Nine have now been settled in advance of a key meeting next month with representatives of European shipowners and shipbuilders.

The scheme proposes a yearly target of 2m compensated gross registered tons, cgrt, (tonnage adjusted to reflect the work content i nscrapped shipping and 1m cgrt tons in ships built. It would thus give a major boost to EEC shipyards, whose 1980 output is forecast at only 2.4m cgrt tons. The cost of providing incentives and paying compensatory *premiums is put* at $150m (£75m) a year, and the Brussels Commission is considering use of the new Ortoli facility loans instrument to provide the money.

Following negotiations with representative shipowners grouped in the Confederation des Associations des Armatures de la Communaute Européene (CAACE) and the EEC Shipbuilders' Linking Committee, the Brussels Commission is understood to be considering the possibility of introducing the scrap and build scheme by the end of this year.

Although there remains opposition to the plan within the European Commission itself—for the scheme is based on the assumption that 1983 will see a recovery in shipbuilding—it is now clear that the proposals have been welcomed by the two industries concerned.

The idea of scrap and build was first put forward in London by the International Maritime Industries Forum in November as a worldwide programme, but has since been refined by the Commission as a Community scheme.

However, the working party that has produced the Commission's draft scheme does suggest that non-EEC countries should be invited to take part and that other major shipping and shipbuilding nations, such as some Scandinavian countries and Japan, should be encouraged to introduce similar systems.

In its present form the scheme would run for a basic period of two years, with an option for it to be prolonged for a further one or two years.

Non-cargo carrying ships would be excluded, as would ships already sold for scrapping or laid up for more than 12 months. A set of age limits is also set out so that, for example, oil tankers from 60,000 dwt to 120,000 dwt would be ineligible if over 14 years old.

Ships built under the programme would have to fly one of the flags of the Nine, and if subsequently transferred outside the EEC the shipowners would have to repay the premiums received, at the rate of 100 per cent for the first two years after completion, 70 per cent in the third year and 30 per cent in the fourth.

Lynton McLain adds: Sir James Dunnett, chairman of the independent International Maritime Industries Forum said in London this week that he thought it unlikely that full international agreement would be reached for implementing the scheme. A range of national schemes is more likely, he said.

Soviets plan atomic ships

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION has begun work on the development of atomic-powered cargo ships with an eye to adding them to its rapidly growing merchant fleet.

The Tass news agency reports that the effectiveness of atomic-powered ice breakers and the safety of maintaining them convinced Soviet shipbuilders of the expediency of using atomic fuels for cargo ships on the longest routes.

The news agency said the requirements for using atomic power plants on vessels of more than 25,000 deadweight tonnes are now being worked out

Experimental nuclear-powered merchant vessels have been built in the West, but none has proved commercially successful.

Second half rise in Japanese exports seen

BY RICHARD C. HANSON IN TOKYO

JAPANESE exports are now as competitive internationally as they were in March last year, when the dollar was valued at around Y222, if the difference in inflation rates of about 10 per cent of the past year between the U.S. and Japan is considered, Bank of Tokyo newsletter says.

This means exports from Japan will probably pick up in the latter half of the year after reaching a bottom level in volume terms during the first quarter. At the same time, it is likely that the speed of increase in imports of manufactured goods will decline beginning in April after rising from January to March.

At the same time, import of raw materials will increase as domestic inventories fall and demand rises with an expansion of exports.

The bank's analysis appears to reinforce the worrying impression that a slowdown in the momentum of European Community exports to Japan will continue through this year while exports from the U.S. increase.

This is because the U.S. exports more raw materials to Japan than Europe, which would like to increase export of manufactured goods. If the trends continue through the year, Japan's surplus with the U.S. may well decline, with a corresponding increase in its surplus to Europe.

Anti-fire agent queried

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EUROPEAN COMMISSION called yesterday for an EEC ban on the sale of clothing treated with dibromopropyl, a fire-proofing product that is suspected of causing cancer.

Use of dibromopropyl in children's night clothes was prohibited in the U.S. more than 18 months after American laboratory tests showed that it could have harmful effects on living creatures.

Since then, France, Belgium and Britain have also decided to ban the sale, and in some cases all production, of clothing treated with the product.

Officially, the Commission has proposed the ban in order to prevent a distortion in trade inside the EEC. It has received independent expert advice confirming the findings of the American tests.

But it is understood that a major purpose of its proposal is to close the EEC market to U.S. companies which have apparently been exporting clothing treated with the substance to Europe in significant quantities since the American ban took effect.

Sales of timepieces to show steady increases

BY JOHN LLOYD

THE WORLD market for watches is expected to rise by more than 5 per cent a year until 1985, while the market for clocks is forecast to gro wby 4.3 per cent a year over the same period.

According to a study by Mackintosh Consultants, the total number of watches sold worldwide in 1978 was 260m units. This will grow to 286m in 1980 and 366m in 1985. Within these overall figures, the percentage of production which is quartz, or electronic, watches will rise from 25 per cent in 1978 (66m units) to 37 per cent in 1980 (106m units) and 54 per cent in 1985 (197m units).

In clocks, 187m units were sold worldwide in 1978, forecast to rise to 206m by 1980 and 249m in 1985. Electronic clocks accounted for 32 per cent of production in 1978, and will account for 55 per cent in 1980 and 68 per cent in 1985.

The light-emitting diode type of watch, where a button must be pressed to illuminate the digits—is expected to drop to 17 per cent of the market by 1980 and only 5 per cent by 1985.

In contrast, the so-called "quartz analogue" watch—with an electronic movement but with conventional face—is expected to grow in popularity as it gets cheaper.

"Digital time-keeping has the major deficiency of not providing any indication either of elapsed time or 'time to go,' and although many customers are attracted by the electronic product all indications are that the majority prefer what they are used to, that is, an analogue indication of time."

In Europe, the British, French and West German markets for watches are expected to grow at between 2.5 and 3 per cent annually, with a similar rate of increase for clocks.

The UK market will grow from 12m units in 1978 to 15m in 1985, the French from 11.4m to 14.7m and the West German from 13.2m to 15.2m in the same period.

The study says that a major area of growth in the UK will be in cars, as more and more vehicle manufacturers install clocks in the less expensive vehicles.

"It is expected that the proportion of vehicles produced in the UK with clocks as standard fitments will increase from 30-40 per cent at present to 60-70 per cent by 1985."

Surcharge hits Calcutta cargo

By Our Foreign Staff

CONFERENCES COVERING the trades between Europe and India have announced a surcharge of 20 per cent on all cargo loaded and discharged at Calcutta, effective for vessels beginning to load on April 9, 1979.

There has been a heavy build-up of congestion at Calcutta, which has held up the handling of 70,000 tonnes of jute hoods cargo already with little prospect of the situation easing in the near future.

According to one prominent shipper, what amounts to an undeclared relay strike is going on at the port, paralysing all activities.

The situation was alleviated yesterday when port authorities called for the national volunteer force to give full protection to all those willing to work. Operations showed immediate improvement and port authorities moved the Government to declare a state of emergency to make the strikes illegal.

Algerian fertilisers

Polimex Cekop, the Polish foreign trade organisation, has won orders worth around $43m to supply two 500,000 tonnes a year sulphuric acid plants to the Algerian company Sonatrach to form part of a fertiliser complex to be constructed by Marubeni and Hitachi of Japan, our Warsaw correspondent writes.

Ezra accepts three more years at NCB

BY JOHN LLOYD

REK EZRA, chairman of tional Coal Board, has sked by Mr. Anthony ood Benn, the Energy ry, to remain at his post urther three years, and epted.

erek, 60 last month, con- the offer for some time accepting. An official cement is expected a week.

thought that he is keen the NCB over the diffi- ahead — maintaining : and ensuring that nent investment remains ent levels of around a year.

ill also benefit from the 's in salary recom- for nationalised in- chairmen and Board 's by the Top Salaries Body and approved by ernment last year. Sir salary will rise from this year to about next year.

is been chairman of the ince 1971, and presided e initial implementation for Coal, drawn up in ter the oil crisis, which cally reversed the declin- unes of the NCB.

as spent all his work- in the NCB since leaving ny in 1947. He was -general of marketing from 1960-65, a Board member from 1965, and deputy chairman, under Lord Robens, from 1967-1971.

SIR DEREK EZRA . . . reappointed by Benn

Sir Derek has good relations with Mr. Joe Gormley, the president of the National Union of Mineworkers, who is reported to be reconsidering a decision to retire later this year.

Order puts ban on 'mythical bargains'

BY PAUL TAYLOR

THE GOVERNMENT yesterday introduced wide ranging regulations aimed at stopping bogus and misleading bargain offers. But the Government has decided not to introduce a comprehensive ban on all shop price comparisons with manufacturers' recommended retail prices.

With certain exceptions the bulk of the new regulations start on July 2 but it is clear that, following strong opposition from retailers and manufacturers, the Government has made some concessions to its original proposals.

The proposals were outlined in October by Mr. Roy Hattersley, Prices Secretary. Following consultations the final Order was put before Parliament by Mr. Robert Maclennan, Parliamentary Under Secretary of State for Prices and Consumer Protection, yesterday.

The new Order will make it illegal for manufacturers, retailers and advertisers to offer "mythical bargains" using false comparisons.

Shop price comparisons with recommended retail prices are to be banned only in certain sectors as suggested by the Price Commission, where "there is evidence that they are inflated."

Price comparisons with RRPs are already banned on beds and Mr. Maclennan said consultations will start immediately on banning similar comparisons in the consumer electronic, household, electric, carpets and furniture sectors.

Mr. Maclennan said the Government had accepted undertakings from soap, detergent and toiletry manufacturers to limit "bargain packs."

He said the Government has decided not to place a total ban on recommended retail prices because "in some sectors they may play a useful role."

However, he warned that the Price Commission would be asked to monitor the way in which RRPs are used and said the Government would take further action if this proved to be necessary.

Examples

Specific misleading bargain offers banned by the Order include those like—worth £50, our price £30—our price £26, price elsewhere £32—reduction of up to 50 per cent.

Mr. Maclennan said a wide range of genuine and informative claims will still be permitted such as comparisons with future or previous prices and comparisons with prices charged by named competitors. He rejected suggestions that the regulations could lead to higher shop prices.

The Government has agreed to a longer introduction period for some products. The Order will come into effect on prepacked goods and for some forms of advertisements from January 1 next year and for mail order catalogues from October 1 this year.

Retailers face fines of up to £1,000 for breaches of the regulations on summary conviction and unlimited fines on idictment.

Mr. Garvin Fisher, chairman of the Retail Trading-Standards Association, speaking at the Drapers' Chamber of Trade annual luncheon in London yesterday condemned the new bargain offer regulations as "ineffective" and said they would place a further unnecessary burden on retailers and the enforcement agencies.

Mr. Fisher said the Order had been "rushed" through and claimed that it could lead to higher shop prices.

Both the Retail-Trading Standards Association and the Retail Consortium stressed that while they welcomed the aim of the new regulations they were concerned about a number of the details.

The consortium said it was particularly concerned about the timetable which it described as "unrealistic" for the retailer and "confusing" for the customer.

Service industry grant rise

By John Elliott, Industrial Editor

GRANTS of up to £6,000 are to be made available by the Government for each job created by new service industry projects in assisted areas as a result of regional aid improvements announced yesterday by the Department of Industry.

Under the service industries' grants scheme, the maximum amount allowable by the Government for projects introducing white-collar employment into special development areas is being raised from £4,000 per job to £6,000. The maximum in development areas rises to £4,000 and in intermediate areas to £2,000.

The scheme is aimed at encouraging service industries to move into the assisted areas. The grants are also paid to existing service industries to assist expansion.

Under new operating arrangements, half the grant offered will be paid one year after the start of a project to help offset the immediate costs of disturbance. The balance will be paid two years later or when the project is completed. The total amount paid may also be reduced if fewer jobs are created than was originally expected.

A fixed, non-taxable Government grant of £1,500 will also be paid to "essential staff" moving into the new offices.

Labour MP urges end to shipbuilding subsidies in EEC

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A CALL for the ending of shipbuilding subsidies in the Common Market was made yesterday by Mr. John Prescott, leader of the Labour delegation to the European Parliament.

Mr. Prescott said that instead of providing subsidies, EEC governments should be forcing their ship owners to order any new tonnage required from EEC yards.

Mr. Prescott, Labour MP for Hull East, said the policy was failing to win orders for European yards because their subsidised prices were being matched or bettered by competitors in the Far East.

Subsidies were a waste of resources, which would be better spent on social and welfare facilities, he said.

He told ship owners at a Seatrade conference in London that they "could not have it both ways" in the argument about free trade.

Ship owners wanted EEC intervention to stave off the threat from low-price Soviet competition in the liner trades, but were unwilling to accept restrictions in their own freedom to order ships from any yard they chose.

"If you want the politicians to help in one area, there is a price you must pay," he said.

Mr. Prescott's plan, for which he is seeking support throughout the EEC, also envisages sharing out the orders available from European owners to shipyards throughout the community.

This would be necessary, he said, to prevent certain yards, such as those of Britain, being starved of orders. An optimum European building price could be agreed for various vessel types, although the actual price to the owner would vary according to currency and other factors.

Earlier the conference was told that the strength of sterling has "disturbing implications for the competitiveness of UK industry."

Mr. Roberto Mendoza, vice-president of the Morgan Guaranty Trust, said his company's economists were predicting that UK manufactured goods prices would rise by 4.5 to 5 per cent above the level of the country's trading partners this year.

This, added to the oil-related strength of sterling, would impair UK exporters' competitiveness and reduce the incentives for industrial investment.

Although there was no immediate risk of sterling weakening, in the longer term some fall may be necessary in order to remedy this situation, he said.

FERENCE ON U.S. BANKING

Call to remove state barriers

ICHAEL LAFFERTY

CRITICISMS of the which prevent ide banking in the U.S. esterday from several at a conference in

Muriel Siebert, the New ate superintendent for aid there was no doubt e barriers created by nes were "essentially ."

are now observing the effects of the 1976 ion of district barriers ur state. Now it is time riment with the effects state banking."

Morris A. Schapiro, t of the New York s company, M. A. , referred to the "legal ilt of state policies on banking and bank companies" and called emoval of state barriers. barriers to multistate are removed so that on opportunities are r reserved for overseas he presence of foreign in the U.S. will seem less ominous."

hapiro told the confer- ponsored by the City ty and the U.S. Govern- Research Corporation, id constraints on com- caused by laws which e growth horizons of nd bank holding com- ave created advantages ign banks. "Japanese re free to branch in ia, while New York e excluded: branches of ritish banks flourish in rk, although out-of-state nks are denied such .

etitive

ois welcomes branches ign banks, while U.S. re barred. These and tates choose to invite branching, even by that had full service s in other states, in scriminating against our nestic banks."

ntry of foreign banks to was only one manifesta- a trend which created lwide pattern of com-

"U.S. banks have contributed vigorously to this worldwide phenomenon. Assets of U.S. banks overseas totalled $290bn as of October 1978 or more than 2½ times the assets of foreign banks in the U.S."

In recognition of the importance of foreign banks to New York, Muriel Siebert said she was reorganising the state's banking department to provide a new division "geared to the supervision of foreign branches and agencies."

She believed that the present state tax and regulatory environment in the U.S. should be made more favourable to international banking business. The result of burdens such as reserve requirements and interest rate limits, was that U.S. banks conduct much of their international banking business from offices overseas.

"The U.S. is losing not only the employment which such offices generate, but an important aspect of its position as one of the world's truly universal financial market places."

Nucleus

Miss Siebert said the "international banking facilities (IBF)" proposal was a creative solution to the problem. The facility could apply to domestic and foreign banks in the U.S., and would be confined to "doing banking business which was foreign in origin and destination.

"We believe the IBF proposal will not only bring back business for domestic banks which have been forced offshore by artificial regulatory and fiscal barriers, but will form the nucleus of an important international banking market in the U.S. which will attract participation from major banks throughout the world."

Mr. John Ginarlis of London stockbrokers J. and A. Scrimgeour, said it was a platitude that the growth of the Eurocurrency markets had been caused by freedom and flexibility. Closer observation showed that the spread of U.S. banks abroad was "related to U.S. economic power and the growth of U.S. trade."

n Blaue book fetches 9,000 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

MARKABLE price of (plus the 10.8 per cent premium) was paid at 's yesterday for Jan Townbooks of the ands, a third edition pub- in Amsterdam in 1649 10 engravings. The esti- ad been £10,000-£15,000. ess, the London dealer, £16,000 for Isolario ante Veneto by Coronelli, 4 maps, which was pub- n Venice in the late 16th .

r high prices were the from Tooley for an atlas Mercator and Iodocus s of 1628 with 156 maps d by hand, and £9,000, Burgess again, for John ; The Theatre of the of Great Britaine. An asters drawings auction £25,757, with a top price 0 for a pen and ink by of two figures.

Swiss enamelled gold ly box, made in Geneva early 19th century, was by Koopman for £9,000 the 10.8 per cent buyer's premium) at Christie's sale of miniatures and objects of vertu which fetched £161,890. Koopman also acquired a miniature of George III by Richard Crosse for £6,200.

The Japanese ceramics and works of art at Christie's totalled £112,409. A Meiji period bronze group of an elephant and a crocodile in combat sold for £5,500, as did a pair of Imari figures of smiling bijin. A rare Arita dish was bought by Winifred Williams for £4,800.

A dozen bottles of Chateau Mouton-Rithschild 1929 made the good price of £1,200 at Bonhams. A magnum of Lafite 1874 went for £600, and six magnums of Lafite 1934 for £700. An auction of British Stamps at Robson Lowe brought in £190,989.

Pollution cost of electricity 'over £360m'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE BRITISH electricity supply industry should be required to cleanse all flue gases of sulphur dioxide before releasing them into the atmosphere, says a report submitted today to the Commission on Energy and the Environment.

The report, from the International Youth Federation for Environmental Studies and Conservation, accuses the industry of causing widespread damage in Scandinavia through emissions from its coal-burning power stations.

It puts the cost of this damage at between £360m and £526m a year. In written evidence to the commission, which under the chairmanship of Lord Flowers, has just begun to investigate coal, the report proposes statutory limits for sulphur emissions from all coal-consuming plants, including fluidised-bed combustion systems and coal liquefying and gasifying processes.

Drax action

It also seeks urgent action to change the design of the new coal-fired station at Drax, so its pollution control systems can be included.

The study says that to adopt nuclear energy instead of coal-burning would be one way of controlling sulphur pollution but quotes an earlier study by Lord Flowers, on nuclear energy, as saying that it would be "far too slow." It also argues that it would work out more expensive "even when one allows for the fact that nuclear power stations achieve a 100 per cent reduction in sulphur dioxide emissions, as against about 90 per cent for flue gas desulphurisation systems."

According to the study, Britain releases about 2.9m tons of sulphur oxides a year—more than any other European country. It exports over two-thirds of this pollution, it says, while importing only about 100,000-200,000 tons from other countries.

The study estimates that flue gas desulphurisation would cost Britain between £170m and £340m a year.

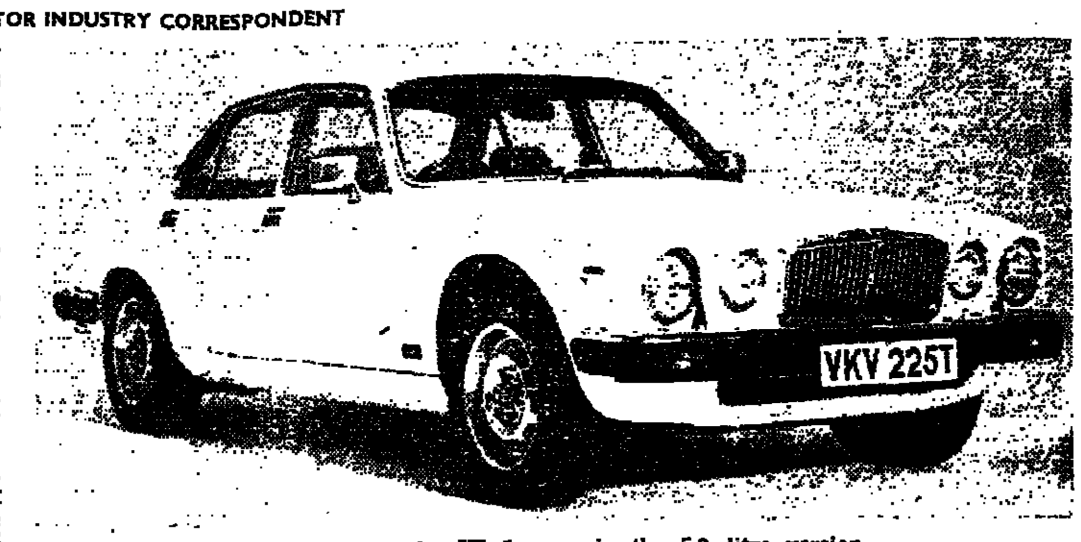
The Central Electricity Generating Board, the organisation which would be most affected by the report's proposals, said yesterday that if the Government enforced flue gas desulphurisation, it would be unable to install it on more than 8,000 MW of plant by 1990. It would be restricted by the rate at which it could take plant out of service.

The annual cost of this pollution control plant by 1990 would be £300m a year at current prices and would increase the cost of electricity from the stations involved by 25 to 30 per cent a year. These estimates are also being submitted to the commission, in an overview from the CEGB early next month.

The commission, set up by the departments of Energy and the Environment, has just begun to take evidence for its first major study, of the long-term environmental implications of an energy policy partly founded on coal.

Restyled Jaguars launched today

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



The restyled series III Jaguar, in the 5.3 litre version

A SUBTLY restyled range of Jaguar and Daimler cars is launched today by BL and output is to be stepped up considerably this year to meet expected demand.

More than £7m was invested by the Jaguar, Rover, Triumph division in re-tooling and production costs — relatively modest in motor industry terms —for the new range, named the Series III.

Jaguar and Daimler cars will also share a new £15m, paint plant at Castle Bromwich, near Birmingham, with the TR7.

Prices of the new cars, which replace all current Jaguars and Daimlers, with the exception of the Jaguar XJS and Daimler limousine, vary from £11,189 for the XJ6 3.4 litre to £15,689 for the Daimler Double-Six automatic and £20,278 for the Vanden Plas version of the Double-Six.

JRT believes this makes the new range very competitive with major European rivals, Mercedes and BMW, as well as the Cadillacs, Lincoln Continental and Chrysler Imperial in the important North American markets.

Last year 26,500 Jaguars and Daimlers were produced of which about 45 per cent (nearly 13,500) were sold in the UK.

The company has budgeted to lift production by 11½ per cent this year to around 29,500, including about 3,000 Jaguar XJS models. In January and February and early March output fell below budget but JRT insists there will be no major shortages of the kind which marred the introduction of the Rover saloon in 1976.

Mr. Peter Murrough, JRT's sales director, said: "We have never had so many cars available for a Jaguar launch and the supply pipeline is full."

However, it can be expected that the new Jaguar will fetch a premium on resale in the short term.

The new range should enable Jaguar to improve on its North American business—worth up to £80m a year. The U.S. took nearly 5,000 Jaguars last year and Mr. Murrough estimates North America could take 20 per cent more when the cars were available.

Fresh styling gives the Series III saloons a contemporary shape without spoiling the elegance of the former bodyshell, a classic design introduced in 1968 and continued with Series II in 1974.

Recognising that many will be chauffeur-driven, JRT has changed the roof line to provide rear seat passengers with more headroom and greater glass area. Electronic fuel injection, previously available only with the top of the range models, is extended to six-cylinder, 4.2 litre engined cars.

Series III Jaguars are available in 3.4, 4.2 and 5.3 litre form while the Daimlers and the Vanden Plas use the two larger engines.

Push-button controls feature prominently, with an electrically operated sliding roof, exterior view mirrors, seat height adjustment and cruise control just part of a new optional item package.

Brokers concerned about expansion in money supply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WARNING about possible expansionary influences on the money supply, notably from bank lending, comes this morning from City stockbrokers W. Greenwell.

In their latest monetary bulletin, the brokers describe the money supply figures, published last Thursday, as disappointing and say there is "continuing evidence that the growth of the monetary aggregates has accelerated."

In particular, Greenwell focuses on the £1bn rise in bank lending in the month to mid-February and expresses doubts about how much of this is the result of distortions caused by recent industrial disputes.

The brokers are suspicious because "bank lending did not accelerate during the UK's three-day working week in 1974 or during the coal strike and harsh winter in 1978 in the U.S."

Looking ahead, the brokers say that large official sales of gilt-edged stock—amounting to £2bn between mid-February and mid-May—may not be "so large as to guarantee the early return of monetary growth to within the 8 to 12 per cent target range set last October.

Another major influence on the money supply might be very expansionary. "The main threat at the moment would appear to be buoyant bank lending. For good reasons, the authorities are signalling that short-term interest rates should not fall. Indeed, they have just raised the rate of interest on certificates of deposit."

The bulletin also points to the recent rapid expansion of domestic credit—£2.79bn in the past three months. "Given the recent level of domestic credit expansion, sterling has been surprisingly firm," it says.

"A partial explanation is that many other countries have been experiencing excessive monetary growth so that in relative terms monetary pressure in the UK has not been very high. Another possible explanation is that the time lag between excessive monetary growth and the reaction of sterling may be longer when the cause of the excess is private sector rather than government borrowing from the banks. A third reason is the impact on different currencies of increased oil prices, actual and expected—in relative terms sterling is in a favourable position.

Contrast

"Granted these explanations for sterling's behaviour, domestic credit expansion has recently been very high. It will probably moderate in the coming months, but if it does not sterling looks vulnerable."

In contrast, in another City analysis, brokers Fielding Newson-Smith and Co. conclude that sterling should remain firm throughout this year. Indeed, if the exchange rate were permitted to float freely sterling could well appreciate by between 5 and 7 per cent.

"It is likely that this will be resisted, at least initially, and that as a result interest rates will need to drop to maintain control of the money stock. Since sterling is likely to remain firm and UK yields are still very attractive to foreigners, there is expected to be persistent overseas interest in gilts throughout 1979."

Restaurants must list extras

BY PAUL TAYLOR

CAFES, RESTAURANTS, and pubs selling food and drinks will have to display their prices under regulations introduced by the Government yesterday and which come into effect on July 30.

An Order requiring the display of food and drink prices sold for consumption on the premises was put before Parliament by Mr. Robert Maclennan, Under Secretary of State for Prices and Consumer Protection.

Under the regulations, establishments offering table service must display prices so they can be seen by potential customers before they enter.

The display will have to include Value Added Tax and other charges such as cover, and minimum prices.

This will mean price lists at the door in most cases or immediately outside dining rooms in hotels and restaurants. In the case of pubs, already required to show drink prices, self-service restaurants, and cafes, prices will have to be shown at the point where the customer makes his choice.

Welsh plan means 1,000 more jobs

Financial Times Reporter

JOBS FOR a further 1,000 people in manufacturing are to be created in Mid Wales as a result of a decision to build another 75 advance factories in the area.

Mr. Emrys Roberts, chairman of the Development Board of Rural Wales, said yesterday there was now only one factory available in the area. The Board had filled 71 in the last two years, creating work for 4,650 people.

"The accomplishments so far strengthen the Board's confidence that its work will present Mid Wales as an area of new opportunities," Mr. Roberts said, "with a greater population, a wider job range for young people and enlarged social and community facilities. Mid Wales is no longer in decline."

Aberystwyth will get the largest slice of the new allocation, 11 factories, one of which will be of 5,000 sq ft.

Other towns to benefit will be Newtown, with nine, including one of 20,000 sq ft, Lampeter with eight, Brecon with seven and Dolgellau with six. Others will go to Cardigan, Baca, Tywyn, Builth Wells, Ystradgynlais, Llanidloes and Welshpool.

Mr. Roberts added that training would also play an important role in the Board's plans. "After full discussion with the Manpower Services Commission, the Board has agreed with the Mid Wales Training Council to appoint a training co-ordinator to train local people for the region's new industries.

Sealink trading surplus reaches record £12m

BY LYNTON McLAIN

BOOMING DEMAND for car ferry services boosted the trading surplus of British Rail's Sealink UK subsidiary by a third last year compared with 1977, to a record £12m.

Almost one million more passengers were carried last year giving a record total of 18m. The number of cars carried also rose to over 2m for the first time, to 2.13m.

The company said, yesterday it is now on course to achieve the financial objective agreed with Mr. William Rodgers, Transport Secretary, in December. Sealink has to achieve a real return of 5 per cent on its fixed assets by 1982.

The full figures for 1978 will be published with the British Rail annual report.

They are expected to show that Sealink UK, which was formed as a wholly-owned limited company of British Rail in January from the BR Board's shipping and harbour assets, had a turnover of £125m last year.

Ferry operations accounted for almost £120m of the turnover, a rise of £20m compared with 1977.

Last year's £12m trading surplus was before interest but Sealink UK said yesterday that it was not its policy to say what the interest payments amounted to. It is not clear if Sealink UK made a profit after interest.

Sealink has almost concluded its talks with Harland and Wolff, the state-owned Belfast shipyard, for a £14m car ferry for the Fishguard to Rosslare service.

The shipyard is awaiting notification from the Government that the European Commission has approved the use of the Shipbuilding Intervention Fund to subsidise the order.

A formal announcement that Harland and Wolff has won the order is expected next month. The yard is already building three car ferries for Sealink, but the first vessel which was expected to be delivered in June will be three months late entering service on the Stranraer to Larne route.

Tories accused in insider dealing row

LABOUR MPs reacted angrily during yesterday's committee stage talks on the Companies Bill when the Conservatives opposed the first of the clauses outlawing insider dealing.

"It casts doubt on their (the Conservatives) claim to be in favour of making insider dealing a criminal offence," said Mr. Robert Maclennan, Under-Secretary of State for Prices and Consumer Protection.

He found it "frankly astonishing." The basis of the Conservative opposition was "nit-picking" and "nothing less than casuistry."

Mr. Tim Renton (Con., Mid-Sussex), said the Tories were opposed to the clause because the definition of an insider was wrong and the Government had done nothing to ease the position of employees who might want to own shares in their company, but who were concerned not to break the law.

He said this was at variance with the Conservative aim of wider share ownership, an aim which had also been supported by the Government in the last Finance Act. He re-affirmed his support for the principle of making insider dealing a criminal offence.

In the course of his reply, Mr. Maclennan said: "Insiders are insiders whether they are employees or directors." He said the Government was in favour of wider share ownership but not of facilitating short term windfalls for employees.

هكذا من الأصل

...ervis ...lans ...700,000 ...witch

...rthur Smith, ...nds Correspondent

...700,000 programme to ...l capacity and recruit ... was announced yesterday ...vis Domestic Appliances, ...ashing-machine subsidiary ...lkins and Mitchell, the ...ds engineering group.

...is, which claims a 14 per ...are of the UK market, is ... to increase its share ... by exploiting micro-chip ...logy.

...company claims a market ... production of fully auto-... machines controlled by ...lectronics technology. ... one in five of the ...es produced by Servis ...n the new technology, but ...portion is expected to be ...d within the next two ...e years.

... electronically controlled ...es, at just over £300, cost ...more than conventional ..., but the company says ...fferential will reduce as ... is stepped up.

...r the expansion pro-...e, capacity will be ...ed at the Wednesbury ...ly plant, from the present ... week to about 7,500 by ...ber. A new building, ...n which will start next ... will provide space for ... assembly lines, if neces-...

... new facility will have a ... research and develop-...nit to continue work on ...plication of micro-chip ...ogy to washing-machines ...-dryers and dishwashers. ...s, which suffered along ...ther UK manufacturers ...he dramatic fall in the ... at the end of 1976, is ...ng from the recent ... The market, which ...ed to sales of about ... machines in 1978, is ...d to hold up this year ...t.

...s has recruited 150 ...s in recent months, and ...o employ another 100 to ...e work force at Wednes-... more than 1,000 by mid-...r.

...Henry Wilkins, the group ...an, said that as the com-...progressed into advanced ...f technology the pressure ... be upon the technical ...t Servis to keep ahead of ...tional competition.

Surcharges and delays worry travel agents

BY ARTHUR SANDLES

THE PROSPECT of high holiday surcharges and another summer of airport delays somewhat dampened the otherwise festive mood of the first day of the Association of British Travel Agents' conference in Blackpool.

With talk of some tour operators feeling justified in backing out of partial price guarantees, and at least one reprinting its brochure and dropping its guarantee, Mrs. Margaret Hook, president of ABTA, said some companies were subsidising customers by between £3 and £5 per holiday, even after imposing maximum surcharges, thanks to massive increases in jet-fuel prices.

MRS. MARGARET HOOK 'Companies are subsidising customers'

Cosmos Tours, which is imposing a £1.50 surcharge on its Athens routes, says the fuel-price rise comes under the definition of action by a government agency, in this case OPEC, and this is covered by the small print in its brochure.

"If prices have been increased to us, we have to pass it on," said Mr. Sidney Silver, managing director of Cosmos. "People who gave absolute guarantees against any price rise must be in trouble."

This is denied by the Travel Club and Inghams, who have not imposed surcharges.

One of Britain's largest charter airlines, Britannia warned of another summer of airport delays.

"It is an inescapable fact that weekend delays will be with us for several more years," said Captain Roy McDougall, Britannia's operations director. He said this would be the case, even without industrial problems, because "market forces call for too many departures on the same day — particularly weekends — which produces congestion at the departure points.

"Resort areas can handle traffic only at half the rate the departure countries manage."

Captain McDougall called for more liaison between the British travel industry and its counterpart in Europe particularly Germany.

"It often seems that, when a series of flights is planned to a holiday destination, little attention is paid to whether there are flights from other countries to the same destination on the same day," said Captain McDougall.

"I would like to see some sort of clearing-house system introduced, so that tour operators all over Europe would know in advance who was planning what and when."

SNP plan to control company takeovers

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish National Party yesterday called for a Scottish takeover panel to be set up with power to ban acquisitions leading to the loss of jobs or damage to the Scottish economy.

The current bids for Caledonian Holdings, Scottish and Universal Investments, and Alginate Industries showed the need for such a body, said Mr. Gordon Wilson, MP for Dundee East and deputy leader of the 11 SNP members at Westminster.

The proposal for a takeover panel would be an important plank in the SNP platform for the general election.

"Scotland has been plagued for years by constant takeovers of independent Scots businesses by UK and foreign firms," Mr. Wilson said. "Despite the high-sounding promises of expansion which are given at the time, they are followed in many cases by the inexorable absorption of the Scottish business, the imposition of centralised management and financial control, the rationalising and the trimming of the businesses conducted in Scotland, and the chilling and destructive closures and consequent transfer of remaining orders and machinery to the South."

Small and medium-sized companies individually managed or in Scottish conglomerates were Scotland's seed corn for the future," he said. "The more of such businesses we have the healthier our economy will be and the better and more rosy the jobs prospects.

"Severe harm has been done to Scotland in the past by takeovers of our companies. Some 30 per cent of Scots firms are controlled from outside Scotland."

Minister to visit Corby New Town

MR. GUY BARNETT, Parliamentary Under-Secretary of State at the Environment Department, who has specific responsibilities for new towns, will visit Corby, Northamptonshire, to-morrow. He will discuss with the local authorities, the development corporation and the Commission for the New Towns matters relating to Corby, its industrial future and its employment prospects.

EQUAL OPPORTUNITIES COMMISSION REPORT

'Repeal bars on women's work hours'

BY ALAN PIKE, LABOUR CORRESPONDENT

REPEAL OF legal restrictions on women's working hours is recommended by the Equal Opportunities Commission in a report to Mr. Albert Booth, the Employment Secretary.

The commission concludes, after a 2½-year investigation, that legislation restricting the hours and shifts women may work, much of it dating from Victorian times, inhibits equal opportunity and causes discrimination.

"Our most important finding is that the hours of work legislation constitutes a barrier—often an artificial one—to equal pay and job opportunities for women," says the report. "So long as this legislation remains as it is at present women workers will be disadvantaged. Therefore we cannot accept the retention of the legislation in its present form, because discrimination will continue to arise out of it."

The commission decided it was faced with two main options—it could call for the repeal of hours-of-work legislation or recommend it be extended to men.

On the balance of evidence it favoured removing the legislation or, where health, safety and welfare demanded it, replacing it with provisions applying equally to men and women.

Repeal, decided the commission, would put women who did not have significant domestic responsibilities on equal employment terms with men. Greater flexibility of working arrangements would be permitted by the repeal of the legislation and this would help those with domestic responsibilities. There was no evidence that protective legislation helped women to obtain jobs but its continued existence was part of the reason why the Sex Discrimination and Equal Pay Acts had not guaranteed equality of pay and status.

The report decided there was "no evidence conclusively in favour of extending the hours of work legislation as a whole to men" and that absolute restrictions on men's weekly hours of shiftwork would have undesirable economic effects.

Two trade union representatives on the commission—Mrs. Marie Patterson and Mr. Jack Eccles — disassociated themselves from the recommendation that legal restrictions on the employment of women at night or on shiftwork should be abolished, arguing instead for extending the current provisions to men.

In general terms, the legislation which the commission wants removed restricts women's daily hours to nine and weekly hours to 48 with specific requirements for break periods. Except in cases where exemption from the provisions is granted, women must not start work before 7 am or finish after 8 pm and night work is specifically prohibited.

In conjunction with its recommendation that the hours legislation—particularly the provisions relating to nightwork, double day shifts and maximum weekly hours—should be removed, the commission recommends that minimum standards of welfare should be specified under the Health and Safety at Work Act.

It also wants a code of conduct and legal provision for women employees who would be affected by a change in legislation. Equality of treatment between men and women is recommended in areas like meal breaks and rest periods.

The report also recommends the repeal of provisions specifying separate maximum weights which men and women can handle and replacement by new non-discriminatory regulations, equal treatment regardless of sex for young persons and the retention of the provision prohibiting the employment of a woman in a factory within four weeks of childbirth, although someone wishing to return earlier should be allowed to do so with her doctors' consent. This led to another note of dissent from three trade union representatives who wanted a provision prohibiting the employment of a woman in any form of work within six weeks of childbirth unless a doctor agreed to an earlier return.

The possible removal of provisions requiring separate sanitary and washing facilities for men and women is also recommended, as are the removal of special provisions relating to the employment of women in the pottery, cement, tin plate and spinning industries and the maintenance, at present, of restrictions on employing women as manual workers in mines.

Health and Safety Legislation: Should we distinguish between men and women?—Equal Opportunities Commission.

UK NEWS — PARLIAMENT and POLITICS

Election fever spreads through the Commons

BY JOHN HUNT

MPS WENT down with a strong bout of election fever in the Commons yesterday, before tonight's crucial vote on the Conservative motion of no-confidence in the Government.

The Prime Minister told cheering Labour backbenchers that, whatever the "hobgoblins" surrounding the voting tonight, "the truth is that this Government will be returned at any general election that is held at any time."

The Tories scoffed in contempt, as Mr. Callaghan announced that the Bill to compensate slate quarry workers for dust diseases has now been prepared.

The Prime Minister—who was clearly in a combative mood—responded with a long defence of the Government's action and a denial that the legislation had been rushed through to buy tonight's Welsh Nationalist votes.

He condemned some sections of the Press for "totally misrepresenting" the Government's motives, and accused some newspapers of being the "lapdogs" of the Opposition in these matters.

Throughout question time, Mr. Callaghan made frequent sallies against current EEC policies, thus confirming suspicions that a strong anti-Common Market theme will run through Labour's general election campaign.

Mrs. Margaret Thatcher, leader of the Opposition, attacked him over current industrial action by the civil service, and wanted to know what he was doing to protect small investors and businessmen from its effects.

For the Scottish Nationalists, Mr. Gordon Wilson (Dundee E.) angrily charged the Government with "embezzling Scotland" by failing to ensure sufficient industrial investment north of the border.

A pugnacious counter-attack was launched from the Government backbenches when Mr. Jack Ashley (Lab., Stoke-on-Trent) S.) suggested that Mr. Callaghan should tell the Liberals, the Scottish and Welsh Nationalists and the Ulster Unionists "to go and jump in the North Sea."

> "The truth is that this Government will be returned at any general election at any time"—Mr. Callaghan.

He declared: "This Government will fight on its record and future policies, irrespective of the result of Wednesday night's vote."

Mr. Robert Kilroy-Silk (Lab. Ormskirk) asked for the Prime Minister's views on reports that EEC Governments had been dragging out talks on food prices in the hope that the Tories would be returned at the general election and would be a "soft touch."

Mr. Callaghan agreed that waste on the Common Agricultural Policy was now beginning to hit people's pockets in other Community countries.

That was why Mr. John Silkin, the Agricultural Minister, was now trying to get a freeze on common prices.

Even in answering the question on the peace settlement between Egypt and Israel, Mr. Callaghan could not resist a side swipe at the EEC.

He welcomed the agreement between Mr. Begin and President Sadat but wished that yesterday's statement from the Community "had been a little warmer about the peace settlement than it is."

Mrs. Thatcher brought the Prime Minister back to the home front with a "practical question."

She reminded him that he had given an assurance that contingency arrangements had been made to ensure that the Government did not default on its financial obligations as a result of the civil servants' strike.

As these arrangements were clearly not working, she wanted to know what fresh measures he proposed to help small businessmen and investors who were being hit.

Mr. Callaghan replied cagily that she had inadvertently misquoted him and that he had never given such a complete assurance. That would be impossible to achieve.

He could not guarantee perfection but hoped that difficulties would be minimised.

"One thing we could do would be to settle the wage claim in full—is that what the Opposition want"? he demanded.

A Conservative backbencher, Mr. Anthony Grant (Harrow Central) wanted to know if Mr. Callaghan would follow the example of his predecessor, Mr. Ramsay MacDonald, and dissolve Parliament the next day if he lost tonight's vote.

Mr. Callaghan retorted loftily: "I have really not engaged my mind on such entirely hypothetical consequences."

Optimistic Liberals hope for Edge Hill victory

BY PHILIP RAWSTORNE

THE LIBERALS may begin at Edge Hill tomorrow to clamber out of their long and disastrous electoral decline. Labour's grip on this Liverpool inner city constituency appears even more tenuous than its fingerhold on Government.

Mr. David Steel, the Liberal leader, entering the by-election campaign for the third time, this week confidently predicted a comfortable victory.

If it comes, it would be a perfectly timed step towards a General Election, raising party morale, restoring its credibility, and heightening its appeal to a wider electorate.

With so much at stake, the Liberals have fought a campaign of unremitting vigour, pouring in reinforcements for an already strongly based local party.

Better terrain for the contest could not have been chosen.

Edge Hill is a jumble of fading Victorian terraces and brash post-war council housing of industrial plants and areas of bulldozed dereliction. Up to 30 per cent of its working population is estimated to be unemployed.

Labour has held the seat for 34 years — but traditional loyalties are being sapped by the enervating air of neglect.

The Liberals have already exploited such conditions throughout Liverpool to become—currently with Conservative support — the controlling party on the city council.

Nowhere in the city have they established themselves more solidly than Edge Hill.

Mr. David Alton, the Liberal candidate, was in the forefront of the party's local resurgence. He came from London's East End to Liverpool as a student in 1969 and now works there as a teacher.

In 1972, he was elected the city's first Liberal councillor for 50 years. He is now deputy leader of the council and chairman of its housing committee.

Mr. Alton and his party have captured all but one of Edge Hill city council seats, and the Liberals also hold three of the area's four seats on the county council.

The local organisation has 1,500 paid-up members, including former Tory and Labour stalwarts. It is about to open a £70,000 Liberal Club.

Its base is now much stronger than in 1974, when Mr. Alton twice failed by some 6,000 votes to dislodge the Labour MP, the late Sir Arthur Irvine. In the last local elections, the Liberals polled 7,500 votes—more than it achieved in either of the 1974 elections.

Mr. Alton's willowy figure now flits familiarly from door to door, gathering gratitude—and, he expects, more votes—for seven years of unstinting local service.

He has led local campaigns to save maternity units, schools and an ice-rink; fought against urban motorways and for housing action areas and improved shops; dispensed advice freely at twice-weekly sessions.

"You're the only one we see doing anything," voters tell him repeatedly on the doorsteps—and Mr. Alton earnestly assures them that all he wants now is a chance to find national answers for their problems.

Labour has recognised only too fearfully the dangers of Mr. Alton's infectious enthusiasm and energy.

Mr. Bob Wareing, the chubby left-winger who has been chosen to defend the seat, has become increasingly defensive.

The Liberals are irrelevant, he declares—just another face of Toryism. Then he attacks them with lengthy concern and growing irritation.

Mr. Wareing combats the Liberals' community politics by emphasising his own identity with this electorate. A native Liverpudlian, he has been a member of the city Labour Party for 32 years and active in its fight to protect employment.

Liverpool's problems, he states categorically, will never be solved without a Labour Government. He cites its record of £400m aid to the area's industry and promises to press for more.

Liberals cannot deliver help like that, he says. They would only help Margaret Thatcher to realise her plans for cuts in public spending.

Sensing Liverpool's growing isolation, he attacks the Common Market fiercely.

Part of the EEC's beef mountain is stored on the edge of the constituency—and there is a deal of sympathy for his claim that "Leningrad housewives do better than Liverpool housewives out of the Common Market."

The £12 a head that Liverpool contributes to the EEC budget could be better spent at home, he declares.

But if Mr. Wareing's accent is attuned to the locality, Labour's general appeal to old loyalties seems to be evoking a less than eager response.

Six thousand people—mainly Labour voters — have been rehoused outside the constituency since 1974. Many more seem disinclined to go to the polls tomorrow. No one expects a turnout much above 50 per cent.

Labour will still be difficult to displace, but the 12 per cent swing needed on paper looks much less formidable on the ground.

In all the calculations, little account is being taken of the Conservatives.

Mr. Nicholas Ward, the Tory candidate, bounces optimistically through the campaign without actually getting anywhere.

He has been managing director of a Liverpool-based company for seven years and is still more easily identified with the Cheshire commuter belt.

The Conservatives polled 5,000 votes in October, 1974, but are unlikely to raise that total now.

Mr. Ward searches assiduously for the protest votes he knows must be there somewhere.

But Mrs. Margaret Thatcher, Mr. William Whitelaw, and others who have been to help him have failed signally to attract the Labour disenchanted.

The Tory public meetings have been attended by handfuls of people, compared with the Liberals' hundreds.

Quite undaunted, Mr. Ward presses on, lambasting Labour's record. "Enough is enough," he faithfully echoes his leader.

He claims to have detected some sympathy with Tory policies on taxation and law and order. "Some people here," he says by way of ambiguous illustration, "will only talk to you through their letter-boxes."

Edge Hill, in fact, may just have been showing how reluctant it is to open any doors to the Conservatives.

Such misunderstandings have been more common than usual—the man nominated as the Gay Lib candidate thought he was standing for the National Front.

CANDIDATES

Robert Wareing (Labour), David Alton (Liberal), Nicholas Ward (Conservative), Mrs. Joan Jonker (Law and Order), Alan Walker (Socialist Unity), William George Boaks (Public Safety/Democratic Monarchist/White Resident, Michael Taylor (Gay Lib).

October 1974 general election: Sir Arthur Irvine (Lab) 13,023; D. Alton (Lib) 6,852; S. N. Perry (Con) 5,208. Labour majority 6,171.

PM bans Thatcher-bashing

MAGGIE-BASHING has been ruled out of order by the Prime Minister.

He told a private meeting of junior ministers earlier this week that Labour would fight the election—whenever it came—on its policies and not on either Mrs. Thatcher's personality or her sex.

The meeting, which had been arranged for some weeks, happened to follow a very personal attack on Mrs. Thatcher at the weekend by Mr. William Rodgers, the Transport Secretary.

Some ministers are believed to be concerned that the speech may have been interpreted by some more vocal backbenchers as the start of the open season for Maggie-bashing.

Given Mr. Callaghan's relatively high standing in the opinion polls, Labour would be more than happy if the election turned into a presidential style run-off between the two leaders.

But Mr. Callaghan has always been careful in his speeches not to get involved in dogfights with Mrs. Thatcher.

The feeling is that it would not help his image as an elder statesman who is above cheap party point scoring if he was to launch personal attacks.

Other ministers feel, however, that Mrs. Thatcher's personality could be the best card in Labour's pack and that everything should be done to present her as a threat to democracy.

Pragmatic poll approach likely if Callaghan loses vote

BY ELINOR GOODMAN, LOBBY STAFF

IF THE Government loses the vote of confidence tonight, Parliament will be plunged into largely uncharted waters, where, as so often happens in Westminster, convention and pragmatism are the guiding principles rather than any hard-and-fast rules.

Neither Erskine May, the Bible of Parliamentary procedure, nor the Parliamentary record for 1924, when Ramsey MacDonald was the last Prime Minister to be defeated in a vote of confidence, offer any precise advice.

Exactly what happens next will be dictated by a combination of the Prime Minister's own judgment and the result of informal discussions between the parties about what would be mutually acceptable.

The action will, therefore, switch from the Chamber and to the whips' offices, where the parties' business managers are, in the normal course of events, in almost continuous contact about how best to organise the day's business.

All the Parliamentary experts agree that there is nothing to force Mr. Callaghan into announcing an election immediately, or even within the next few days.

He could, in theory, hold on until June, but the Conservatives would obviously fight this tooth and nail, and it does not seem a real possibility.

What looks more likely is that the Prime Minister would, in the event of losing the vote, acknowledge immediately after the vote that his Government had been defeated, and announce his intention of discussing the matter in Cabinet on Thursday.

He would then hold his normal Cabinet meeting in the morning, and probably go to see the Queen in the afternoon and ask her to dissolve Parliament at a later date.

The Conservatives would prefer an election as soon as possible and are likely to remind Mr. Callaghan repeatedly of the alacrity with which Mr. MacDonald went to the King in 1924.

In the opinion of Mr. Norman St. John Stevas, the Shadow Leader of the House and an acknowledged expert on the constitution, the Government would have no constitutional standing if it lost a vote of confidence.

Therefore, the Prime Minister would have a duty to announce the earliest possible election date.

Nevertheless, the Conservatives acknowledge that Parliament will have to sit a few more days before it is dissolved and the campaign begins.

Feelers will be put out shortly to see whether there are any pieces of legislation — the Forestry Bill, for example — which are now emerging from their committee stage and which could be rushed through their final stages by mutual consent before the House is dissolved.

Technically, it might be possible to get all this done by Friday. What else would have to be done would depend on the date of the election.

If it was held on April 26, there would be no need for the parties to agree on the contents of a "care and maintenance" Finance Bill to allow the collection of taxes after the powers expire on May 5.

But if the poll was held any later, one day might have to be set aside for getting the approval of the House for such a measure.

Again, if the election was held on May 3, special orders would have to be laid before Parliament, clearing the way for a general election to be held on the same day as the local ones.

At the moment, the signs are that the parties will be able to agree much of this fairly amicably, though the Tories may protest if Mr. Callaghan tries to postpone the election until after the middle of May.

Tory backbenchers are also likely to protest volubly if the Government tries to stay in office after having survived tonight's vote on a tie.

Nevertheless, procedural experts agree that a tied vote would mean that the no-confidence motion had been lost, and that the Government had won on a technicality.

The Speaker would have to cast his vote to give the House the opportunity to discuss the matter again. And to vote again, Parliament must be sitting.

Defence benefits outlined

BRITISH industry will benefit to the tune of orders worth more than £3,000m from the defence budget, MPs heard yesterday.

Opening the second day of debate on the Defence Estimates White Paper, Patrick Duffy, Defence Under-Secretary, said nearly £3,500m, around 40 per cent of the defence budget, would be devoted this year to the development or procurement of equipment of Britain's armed forces.

He added that 90 per cent of the contracts contained in the £3,500m figure would be going to UK industry or to collaborative projects involving the UK.

To match the progress made by the Warsaw Pact in the quality and quantity of its weapons, and to keep abreast of advances in technology, we needed to apply considerable resources to development.

One major example of Ministry of Defence research and development was the work now under way on the replacement of the Chieftain tank—the MBT 80.

Mr. Duffy said a special MBT 80 executive had been set up in the Ministry to advance the tank project.

Great effort was also being devoted to developing new sonar devices mounted on ships or deployed from aircraft to detect opposing forces or weapons.

Attack on Press condemned

A GROUP of Conservative MPs, angry at the Prime Minister's "bitter attack" on the Press in Commons exchanges yesterday — submitted a tough motion hitting back fiercely at Mr. Callaghan.

This expressed the view that "the Press can usually smell a rat when there is one about."

The motion gathered early signatures from Conservative backbenchers but some who were invited to sign it refused to do so because they objected to the use of the word "rat."

Mr. Callaghan launched his broadside against the Press over the introduction of the Bill to compensate Welsh slate quarrymen and others hit by dust diseases.

The Prime Minister hotly denied that he was "buying" Welsh Nationalist votes—for today's no-confidence debate—by promising this measure now.

Before tracing the long history of the Bill, Mr. Callaghan said he wanted to "get the truth on the record" in view of "the complete failure of the Press to report the facts they have been given day after day."

Mr. Robert Adley (C., Christchurch and Lymington), principal sponsor of the motion, said: "From the man who gerrymandered the constituency boundaries as Home Secretary, to the man who devalued the pound when he said he would not, to the man who invented political wheeler-dealing with the Lib.-Lab. pact, comes this latest outburst of righteous indignation—that the appearance of this matter 24 hours before a crucial vote is a pure coincidence."

He added: "We all remember Sir Harold Wilson's outburst at the last election about cohorts of distinguished journalists. No one will, therefore, be surprised to learn the level at which the Prime Minister intends to fight the next election."

Left and right unite against tax amnesty

BY IVOR OWEN

IN A RARE political alliance, Labour left-wingers teamed up with Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) in the Commons yesterday to condemn the tax amnesty granted to casual workers in Fleet Street.

They are joint sponsors of a Private Members' Bill, given a formal first reading, which seeks to limit to individual cases the discretion of the Inland Revenue and Customs and Excise to reduce or forego payments of tax.

The Inland Revenue (Discretion) Bill, which has no chance of becoming law, will also embody a requirement that discretion in favour of classes or groups of taxpayers shall be exercised only by an order subject to approval by the House of Commons.

In successfully seeking leave to introduce the Bill, Mr. Ridley maintained that one of the most disturbing features of the amnesty was that it was literally negotiated by the Inland Revenue with the trade unions concerned.

While Ministers had been consulted, Sir William Pile, chairman of the Board of Inland Revenue, had admitted that the decision to grant the amnesty was his and his alone.

A letter, sent out by the print union SOGAT to its members, stated that the amnesty, which extended to April 5, 1977, covered not just casual earnings but errors in failing to declare "minor sources of income," such as savings interest.

Mr. Ridley said the letter also stated: "What we are saying is that, if there is general acceptance of the new procedures and he (the union member) co-operates fully with the Inland Revenue, we (the union) will release him from most of the liabilities which the Revenue could demand."

In these circumstances, it was no wonder that feeling was running high among other taxpayers over the "Fleet Street tax evasion scandal."

Mr. Ridley claimed that evidence had been available for some years about the use by Fleet Street casuals of fictitious names — such as Mickey Mouse.

Other taxpayers, particularly small businessmen who had been ruthlessly pursued by the Revenue, wanted to know how the amnesty could be justified.

Mr. Ridley contended that the Bill, by making the exercise of discretion by the Revenue in favour of classes or groups of taxpayers subject to Commons approval, would enable MPs to make sure that there was equity of treatment between all citizens.

The Labour MPs named by Mr. Ridley as sponsors of the Bill included Mr. Jeff Rooker (Birmingham, Perry Bar), Mr. Doug Hoyle (Nelson and Colne) and Mr. Bruce Grocott (Litchfield and Tamworth).

● Mr. Albert Booth, the Employment Secretary, told the Commons yesterday that he expected to see The Times back in publication "very shortly." He added that in the case of The Times, casual working practices were only one of a great many difficulties.

Sacking anger

TREATMENT of a Leeds man sacked by his union for "blacklegging" 14 years ago was described as "intolerable" by Harold Walker, Employment Minister.

He said the case of Mr. Joseph Thompson, a member of the National Union of Dyers, Bleachers and Textile Workers, illustrated the "wisdom of the machinery that has been set up to deal with such cases," he said. Mr. Walker was pressed by Tory MPs to look into similar cases.

Permit refused

YUGOSLAVIAN footballer Mojas Radonjic was refused a work permit to play for Sheffield Wednesday because the Employment did not regard him as a player of "international reputation," Bassetlaw MP Joe Ashton was told in the Commons.

Mr. John Grant, Employment Under-Secretary, told Mr. Joe Ashton (Lab., Bassetlaw): "Permits are only issued for players of established international reputation who have a distinctive contribution to make to the national game."

Today in Parliament

COMMONS: Debate and vote on Conservative motion of no confidence in the Government.

LORDS: Debate on ACARD report on industrial innovation. Licensed Premises (Exclusion of Certain Persons) Bill, report.

SELECT COMMITTEES: Public Accounts Committee. Subject: Appropriation accounts. Witnesses: Northern Ireland Departments of Education and Environment. Room 16, 4 pm. Expenditure, social services and employment sub-committee. Subject: Perinatal and neonatal mortality. Witnesses: Prof. McNaughton, Dr. Chalmers and Mr. Womersley. Room 15, 4.30 pm. Expenditure, environment sub-committee. Subject: National Heritage Fund. Witnesses: Treasury, Department of Education, Department of Environment. Room 6, 4.15 pm. Nationalised Industries sub-committee E. Subject: Ministers, Parliament and the nationalised industries. Witness: Sir William Barlow, chairman of Post Office. Room 8, 4 pm. European Legislation Committee. Subject: Industrial aid. Witness: Mr. L. Huckfield, Under-Secretary for Industry. Room 5, 4.15 pm.

'orkers se o-strike' ıse

INDUSTRIAL tribunal uled that 120 employees refused to sign a "no-" agreement are not ed to receive about)0 in redundancy pay their employers, and the

. Norman Hall, the man- director of Hall's dries and Sundaw Pro- , both of Oldbury, West nds, had demanded that should be no more s for six months or else ould have to close the anies.

en he failed to get an tance of his ultimatum t the two companies into tary liquidation.

industrial tribunal at ngham has ruled that timatum contained noth- harsh or unreasonable he workforce could not accepted it.

ty-one of the workforce, d by the Transport and al Workers' Union, d the closures meant were entitled to redun- pay totalling about 0 for them alone.

the tribunal's chairman, ichard Smith, giving the on after a four-day hear- old them that only the orkers who were off sick ne 20 last year when oted to reject the ulti- n could qualify for dancy money totalling

rest, he said, were dis- l the moment they to accept Mr. Hall's tum and were sacked hat reason. He said: e was no redundancy on at that time, the book was full. A redun- situation followed later, not the reason for the sals."

added: "It might be it that we are opening ay for an employer to a coach and horses h the Redundancy Pay- Act by ensuring that he workers some sort of tum which he knows vill not accept. But that this case at all.

such a case, no doubt, law would protect rs faced with harsh and onable conditions and do so through the path structive dismissal."

r the hearing, Mr. n Hall and his brother e, who ran the com- jointly, said the n to close had cost around £500,000—the ted difference between tion now and their in 1980 as they had d.

tribunal was given a history starting in 1974 he company recognised GWU and including for threshold pay, pay, equal pay for and finally pay parity n different sections of rks.

Terry Askey, union appearing for the nts, said after the hear- The workers could not ed a condition that they not strike or ask for pay for another six s. Some were getting per week, but others getting wages so low ne man qualified for income supplement."

I workers' ıtinue action er manning

ur Labour Staff

s meeting of process s at ICI's fibre plant in ter decided yesterday to e their stand against a ment plan to increase cy in their unofficial dis- hich has stopped all pro- for a week.

1,400 workers, mainly rs of the Transport and l Workers Union, were ome after failing to co- with management tions on a manning ement designed to in- productivity by 20 per

agement said yesterday: longer the plant remains table and the longer it s closed, the bigger the n mark hanging over its "

Budget work barred

BY PHILIP BASSETT, LABOUR STAFF

TAX OFFICIALS were yesterday told to ban all work on next week's Budget in protest at the Government's 7 per cent pay offer to 600,000 civil servants.

The action, by members of the Inland Revenue Staff Federation, could have a serious effect on the implementation of the Budget, even though it is likely to make fewer taxation changes than Budgets in recent years.

Even if the Government is defeated in tonight's vote of confidence, a change in personal tax coding due to be announced next week could still be hit. The Government will consider contingency plans to implement any changes.

The executive of the Federation told its 64,000 members to ban all overtime, all travel in their own time and the use of their own or official private cars in addition to refusing all Budget work.

The executive also authorised its members to join the one-day strike over pay on Monday. Tax officials in London and the South East will also stop work for half a day on Budget afternoon and stage a rally in London.

The union will also organise strikes aimed at impeding Government business and in particular the flow of taxes to the Exchequer.

Negotiate

Civil servants, members of the Civil and Public Services Association and the Society of Civil and Public Servants, yesterday closed down two Inland Revenue computers at Worthing which will prevent final adjustments to the financial projections for the Budget being made there.

A total of about 460,000 civil servants have now been called on or given authority to take part in Monday's one-day strike, and the executive of the Civil Service Union is likely today to authorise its 47,000 members to join the stoppage.

Mr. Roy Hattersley, Prices Secretary, yesterday repeated the Government's readiness to re-open negotiations. The Government is prepared to increase its offer of 7 per cent on April 1 and the rest of the agreed rises due from the findings of the independent Pay Research Unit comparability studies next year. The unions estimate the full rises due to average 26-36 per cent.

Mr. Bill Kendall, secretary-general of the Civil Service National Staff side, said after a meeting of all Civil Service Union general secretaries that there was no basis for further negotiation and that "massive confrontation on a scale previously unknown in the Civil Service is now looming."

Post hit by pay scrutiny

By Christian Tyler, Labour Editor

CLOSE GOVERNMENT scrutiny of the Post Office's pay proposals emerged yesterday as a principal reason for the delay that has prompted unofficial industrial action and a growing backlog of postal deliveries in London region.

In order to keep pay rises for 200,000 postal and telephone workers within the ad hoc wage controls, Government officials are asking the Post Office for more details of its undisclosed plans.

Both the Post Office and the Union of Post Office Workers said yesterday that negotiations were continuing, and the union expects to report to its executive on Thursday.

But no formal pay offer has been made, nor, it seems, have negotiations begun. It is now nearly three months since the postmen's January 1 pay anniversary.

A meeting at the Department of Industry had to be cancelled yesterday because of pressure of time on the Government, but is expected within a few days.

Meanwhile, the Post Office again asked the public not to post mail in, or destined for, London and the Home Counties unless absolutely essential. About 8 million letters and parcels are delayed and normal daily traffic in London is 10 million.

Postmen in some parts of the capital are banning overtime or holding meetings in working hours in protest at the delay.

The Post Office is apparently seeking an acceptable productivity-linked pay rise that would pass Government scrutiny and satisfy the union, which has submitted a 24.4 per cent claim and a demand for a shorter working week.

Building industry offer likely to be rejected

BY NICK GARNETT, LABOUR STAFF

EMPLOYERS in the building and civil engineering industry yesterday made a pay offer to 700,000 workers which includes 9 per cent more in guaranteed minimum earnings.

Some employers' estimates suggested that the offer might add between 11 and 13 per cent to the wages bill, but the unions say it is probably worth 10 per cent or slightly less.

The four unions on the building and civil engineering joint board did not formally reject it yesterday, but they intend to do so at the next negotiating session scheduled for April 12. The settlement is due in June.

Mr. Les Wood, general secretary of the Union of Construction, Allied Trades and Technicians and secretary of the operatives' side, said he did not think his members could accept the package, which contained some disappointing elements.

The employers are undoubtedly prepared to make improvements, however, and some officials of UCATT, the largest of the construction unions, regard the offer as close to what might be acceptable.

But it would widen the differential in guaranteed minimum earnings between craftsmen and labourers, a point largely unacceptable to the joint union side and particularly to the Transport and General Workers' Union.

Mr. George Henderson, the Transport Workers' national construction secretary, said negotiations might prove extremely difficult.

The unions' claim included more than 20 per cent in new money, full consolidation of supplements, and a 35-hour week.

The offer would raise the basic rate for craft workers from £44 to £50 and for general workers from £37.60 to £42. It would increase the guaranteed minimum bonus for craftsmen from £6 to £7 and for general workers from £5.40 to £6, and reduce the joint board supplement from £10.20 to £9 for craftsmen and from £9 to £8 for general workers. Part of the supplement has been consolidated.

Guaranteed minimum earnings for craftsmen would rise from £60.20 to £66 (9.6 per cent) and for general workers from £52 to £56 (7.6 per cent).

Holiday and overtime pay would be improved in return for measures to reduce absenteeism, which the unions describe as "penalty clauses," and a 20 per cent rise in sick pay.

The employers were not prepared to concede a shorter working week, however, and there is little extra consolidation of pay, an important part of the unions' aim to have wages restructured.

Employers said that the removal of formal Government controls did not mean that big pay rises could be given without damage to the construction industry.

Secret ballot likely in National Theatre dispute

BY PAULINE CLARK, LABOUR STAFF

A SECRET ballot of members of the National Association of Television, Theatrical and Kine employees at London's National Theatre is expected to be held today to decide whether an 11-day-old dispute over stage-hands' pay should be made official.

Both sides in the dispute appeared more deeply entrenched yesterday as management decided to go ahead with a schedule of performances designed to keep the three theatres open for the remainder of the week.

Productions described by management as "low-price, limited-decor dramas" will continue despite a union executive decision earlier this week to condemn as "provocative" the staging of Galsworthy's "Strife" without a set.

Dramas will be staged until the weekend under the new plans either without a set or against the background of sets for previous plays. One restoration comedy is planned against a 1930's Somerset Maugham background.

When the dispute—which completely closed the theatre last week—began, the union was not supporting action by the 28 stage-hands involved. Since then however, the union has criticised management for not giving sufficient co-operation.

The stage-hands are said by management to have set themselves apart from other employees at the National in refusing to accept a 5 per cent pay deal with productivity. Management claims it cannot improve on the offer because the Arts Council has stood firm on not exceeding Government guidelines.

The stage-hands' earnings are estimated at £135 for a 63-hour week.

TUC plea on transport

BY OUR LABOUR STAFF

A PLAN to boost public transport, including greater concessions for pensioners and safeguards for country bus services, has been submited by the TUC to Mr. William Rodgers, Transport Secretary.

The policy document has been published as the Department of Transport and British Rail prepare to discuss a BR scheme to cut 700 miles off its passenger network to save money.

The document, drawn up by the TUC's transport industries committee, calls for greater priority in public spending on capital projects for passenger transport services; stability in the cost of travelling to and from work; and concessionary fares for all old-age pensioners and the disabled.

The future of socially essential bus networks, especially in rural areas, must be safeguarded, it says.

The TUC complains that public passenger transport is declining. It blames such causes as "unfair competition" from privately owned transport, an unsatisfacory legislative framework, and inadequate finance.

Journalists' leader fined

THE VICE-PRESIDENT of the National Union of Journalists, Mr. Jacob Ecclestone, was fined a total of £250—the maximum —and ordered to pay £50 costs by Nottingham magistrates yesterday on two charges of obstruction following a mass picket at the Nottingham Evening Post, where 27 journalists were sacked for joining in the national strike of provincial journalists.

Pottery trade pay deal

AGREEMENT HAS been reached in principle on a pay deal for 50,000 pottery workers in Stoke-on-Trent, Mr. Les Sillitoe, chairman of the Ceramic and Allied Trades Union, said yesterday.

A meeting with employers would be held tomorrow to finalise details, which would not be disclosed until the deal had been approved by the union's national executive.

HOW THE MINERS VOTED

	Yes	No
ire	27,176 (58.5%)	19,277 (41.5%)
gham	18,006 (69.5%)	7,865 (30.5%)
Wales	14,890 (71.4%)	5,977 (28.6%)
s and staff	14,015 (92.3%)	1,178 (7.7%)
n	8,933 (69.1%)	4,003 (30.9%)
h	3,948 (33.4%)	7,890 (66.6%)
ds	8,378 (77.3%)	2,467 (22.7%)
hire	5,805 (66.2%)	2,965 (33.8%)
West	4,503 (67.9%)	2,127 (32.1%)
umberland	4,115 (67.9%)	1,946 (32.1%)
n Mechanics	4,039 (79.9%)	1,016 (20.1%)
ien	3,665 (89.7%)	420 (10.3%)
h Engine	1,576 (40.0%)	2,367 (60.0%)
Group	3,316 (86.2%)	532 (13.8%)
Derbyshire	1,828 (67.5%)	877 (32.5%)
ershire	2,074 (79.6%)	532 (20.4%)
	1,045 (50.6%)	1,021 (49.4%)
umberland Mech.	1,456 (75.4%)	474 (24.6%)
Wales	731 (79.1%)	193 (20.9%)
rland	586 (77.5%)	170 (22.5%)
n Enginemen	675 (92.3%)	56 (7.7%)
Gp. No. 2	555 (87.7%)	78 (12.3%)
	131,316 (67.4%)	63,431 (32.6%)

NOTICE OF REDEMPTION

To the Holders of

Amoco International Finance Corporation

8% Guaranteed Sterling Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1972, under which the above-described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on May 1, 1979, through operation of the sinking fund, at the principal amount thereof, £1,000,000 principal amount of said Debentures, each in the denomination of £500 bearing the serial numbers with the prefix letter "Q" as follows:

Outstanding Debentures with serial numbers ending in any of the following two digits:

05	15	23	31	38	43	47	51	59	62	67	71	78	83	90	95
10	16	27	32	40	44	48	56	60	64	68	73	80	85	92	98
13	17	29	35	42	46	50	57	61	66	70	74	81	89	94	

Also Outstanding Debentures with the following serial numbers:

122 522 1122 1522 2222 3122 3422 3622 4522 7622 8222 10822 14022 18222 18622 18922 19222 19722 19922.
322 822 1222 1922 2922 3322 3522 3922 7422 8022 8722 13322 14122 18522 18722 19122 19422 19822

On May 1, 1979, the Debentures designated above will become due and payable at 100% of the principal amount thereof (i) in such coin or currency of the United Kingdom as at the time of payment shall be legal tender for the payment of public and private debts (herein called "pounds sterling") or (ii) at the election of the holder of such Debenture, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts (herein called "U.S. dollars"). Such election to receive the Dollar Equivalent, as defined in the Indenture, is irrevocable and may be made only by the presentation and surrender of such Debenture, together with a completed Dollar Payment Notice substantially in the form set forth on the Debenture, at the office of one of the below listed paying agencies not later than April 19, 1979; provided, that, notwithstanding any such election, the holder of such Debenture will receive and accept payment in pounds sterling in the event that for any reason it is not possible for the Trustee to determine, in accordance with the terms of the Indenture, the Rate of Exchange, as defined in the Indenture, on the applicable date for such determination or otherwise effect a sale of pounds sterling.

Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either at the **Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015** or at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, Paris or Zurich, or at the main offices of Banca Vonwiller & C. S.p.A. in Milan or Rome, or the main office of Bank Mees & Hope NV in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg. Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on a pounds sterling account, or by transfer to a pounds sterling account maintained by the payee, with a bank in London, subject in each case to any laws and regulations applicable thereto, and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee, with a bank in New York City, subject in each case to any laws or regulations applicable thereto.

Coupons due May 1, 1979, should be detached and collected in the usual manner in accordance with and subject to the terms and conditions set forth above for the payment of Debentures.

From and after May 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

Dated: March 28, 1979

AMOCO INTERNATIONAL FINANCE CORPORATION

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

Q	37	295	467	1194	3002	4086	4510	6108	7759	8124	13325	14849	19179	19208	19546
	49	297	471	2523	4079	4233	5085	6286	7763	8181	13900	14850	19184	19209	19547
	55	413	472	2524	4082	4234	6105	7734	7768	8253	14841	16622	19185	19538	19873
	120	414	1037	3001	4084	4251	6107	7748	8104	8836	14847	16624	19195	19543	19916

APPOINTMENTS

Deputy chairmanship changes at Montagu

Lord Kenyon and Mr. C. J. Montgomery, directors of Lloyds Bank, have joined the London Board of the NATIONAL BANK OF NEW ZEALAND. Lord Kenyon is also chairman of the North West Regional Board of Lloyds Bank and Mr. Montgomery is a vice chairman and former chief general manager. Lord Netherthorpe and Mr. C. R. Vincent have retired from the London Board. Mr. Vincent, who also retires from the main Board, was deputy chairman of the Bank from 1972 to 1977. Mr. J. I. Kennan will be retiring from the London Board on May 31.

★

Mr. T. W. Stobart, has been appointed managing director of EGC QUARRIES from March 31. On that date Mr. J. E. Carleton ceases to be managing director and is appointed executive deputy chairman.

★

Mr. Kenneth Bensett and Mr. David Stevens have been elected deputy chairmen of SAMUEL MONTAGU & CO. from April 1. Mr. Rudolf Bleichroeder will be retiring as deputy chairman at the end of this month but will remain a non-executive director.

★

Mr. G. G. James has been appointed a general manager of STANDARD CHARTERED BANK with regional responsibilities. He is at present chief manager of the Chartered Bank in Singapore where he is expected to relinquish his duties towards the end of June.

★

Mr. John H. Hale, executive vice-president, finance, of ALCAN ALUMINIUM, Montreal, has additionally been elected chairman of the Board of the company's principal subsidiary, Aluminium Company of Canada. He succeeds Mr. David M. Culver who is president of the parent company. Dr. Roger Gaudry of Montreal and Mr. James Sinclair of Vancouver, both directors of Alcan Aluminium, have been elected directors of Aluminium Company of Canada. Dr. Gaudry is president of the International Association of Universities and is a former Rector of Universite de Montreal. Mr. Sinclair is chairman of Lafarge Canada.

Mr. T. A. Chavasse has been appointed managing director of Alcan Building Materials, Worcester. He joins the company from Alcan Foils, Wembley, where he was marketing director.

★

Mr. Christopher Collett, grandson of Sir Charles Collett, Lord Mayor of the City of London in 1933, has been elected alderman for the City Ward of Broad Street. He takes the place of Sir Hugh Wontner, who has retired.

★

Mr. Hector Arzeno has been appointed deputy-general manager of the London branch of BANCO DE LA NACION ARGENTINA. He will replace Mr. Osvaldo R. Agatiello, who has been appointed first representative of the bank in Tokyo.

★

Mr. L. J. Cordle has been made managing director of the BELLEFONTE INSURANCE COMPANY (UK branch) for an interim period of about two years following the retirement of Mr. P Armstrong through ill health. Mr. Cordle is currently an executive officer of the company. The company states that following the recent decision whereby it has assumed direct management of the underwriting account in London, previously managed by C. E. Heath and Co. (Agencies), the following have been appointed directors of the UK branch of the company: Mr. D. G. W. Hammond, Mr. A. D. Kilby, Mr. J. P. Manning, Mr. E. J. Newson, and Mr. L. W. Nichols.

★

Mr. Melvin C. Holm, chairman and chief executive officer of Carrier Corp., has been elected a director of UNITED TECHNOLOGIES CORP.

★

Mr. Monty Goldman, managing director of the shirts division of the Carrington Viyella Group, Manchester, has been elected chairman of the SHIRT MANUFACTURERS' FEDERATION. Mr. Tony Holliday, product director of Tootal Menswear, Manchester, has been elected senior vice-chairman. Mr. David Buck, managing director, Edward R. Buck and Sons, Stockport, remains honorary treasurer of the Federation.

★

Mr. G. Appleby (Goop and Co., Wigan) has been elected president of the LANCASHIRE AND CHESHIRE CLOTHING MANUFACTURERS' ASSOCIATION, with Mr. R. S. France (J. Heighton and Sons, Nantwich) as vice-president. Mr. France will also act as honorary treasurer.

★

Mr. R. T. Cooper is to join the partnership of SPENCER THORNTON AND CO., stockbrokers, on April 7.

★

WIGHAM POLAND GROUP has appointed Mr. Michael Coombs as the director in control of Wigham Poland Technical Services. Mr. Anthony Pett is joining the Board of Business Risk and Insurance Management Co., the company responsible for the development of captive insurance companies.

★

Mr. Robin Garland, chairman and managing director of the Claxton and Garland group of construction companies of York, has been elected president of the Yorkshire region of the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS.

★

Mr. P. C. Alexander has been appointed director of INTERNATIONAL TRADE CENTRE UNCTAD/GATT, Geneva, from June 1. He will replace Mr. Victor Santiapillai, who will be returning to Sri Lanka to take up a senior government position as chairman of the Sri Lanka Export Development Board.

★

Mr. Hans-Eberhard Wollny, managing director of Alfred Teves GmbH, has been elected a vice-president of ITT EUROPE INC.

APPOINTMENTS

ANNOUNCEMENTS

MR. RODNEY G. DINNING

has joined

STRAUSS TURNBULL & CO.

as their Oil Consultant

Mr. Dinning, who was Chairman last year of the *London Oil Analysis Group, will be responsible for* institutional research and development in the oil sector. His appointment was effective from Monday, 26th March, 1979.

CONTRACTS

Post Office buys Chrysler vans

The Post Office has placed a £7.5m contract with CHRYSLER UK to supply 2,546 Dodge Spacevans for its telecommunications and postal business.

★

BRITISH AEROSPACE DYNAMICS GROUP at Bristol has been awarded a £600,000 contract by West Germany for six Skylark research rockets. Four Skylark 7s and two very high altitude three-stage Skylark 12 rockets will be supplied from Bristol to the German Space Agency.

★

GEC INDUSTRIAL CONTROLS has received an order for uninterrupted power supply equipment worth £230,000 from Pullman Kellogg of London. The static supplies include three ac *single* phase units and 13 dc units together with distribution equipment for the instrumentation power circuits associated with the £120m fluid catalytic cracking project at the Mobil Oil Refinery, Coryton, on the Thames estuary.

★

SHEPHERD CONSTRUCTION has received a £1.1m contract from the Northern Housing Group for housing at Ryhope, Sunderland. Work involves construction of 88 two-storey homes of traditional construction in 13 blocks.

★

An order worth £370,000 has been received from Froude Engineering by GEC-ELLIOTT PROCESS AUTOMATION for the supply of computer engine test equipment for the Spurrier works of Leyland Vehicles.

★

ROCKWARE KINGSPEED has been awarded a contract worth £750,000 by Hey Brothers for the supply of a complete filling line for no-deposit bottles.

★

The English Industrial Estates Corporation has placed a £178,000 contract with PUMPHREY CONSTRUCTION *for work on two advance factories at the Skegness Industrial Estate.*

★

Orders worth more than £200,000 have been won by APT CONTROLS for its rising step type traffic control barrier. The largest contract worth around £75,000 was placed by British Rail and other users include a number of local authorities and British Petroleum Chemicals.

★

PRODUCTION MACHINES has won an order worth £131,000 for four purpose-designed machines for Uni-Tubes. Based upon a successful prototype manufactured by Production Machines, the four new units will help Uni-Tubes increase the efficiency of its manufacturing operation.

★

Restoration contracts worth more than £100,000 have been awarded to the Bristol studios of JAMES CLARK and EATON. *Among the major commissions in* the West Country is the stained glass at Sherborne Abbey, the restoration of antique glass windows at Worcester Cathedral and Gloucester Cathedral and the leaded lights at Ashton Court.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Updating the loom

SINCE THE second world war there has been a continuing trend among the weavers of the world to purchase looms that operate without shuttles.

Advantages of the shuttleless loom are that it eliminates pirn winding, which is a tiny package of yarn carried to and fro in the shuttle, and weaves instead from packages at the side of the loom.

This is a very effective cost-saving in fabric production. A wide variety of different systems of weaving from large packages have been developed and are commercial. These systems include the air and water jet systems of weaving in which the yarn is carried across the fabric by a fluid jet, while the rigid and flexible rapier systems use a more positive system of yarn traversing.

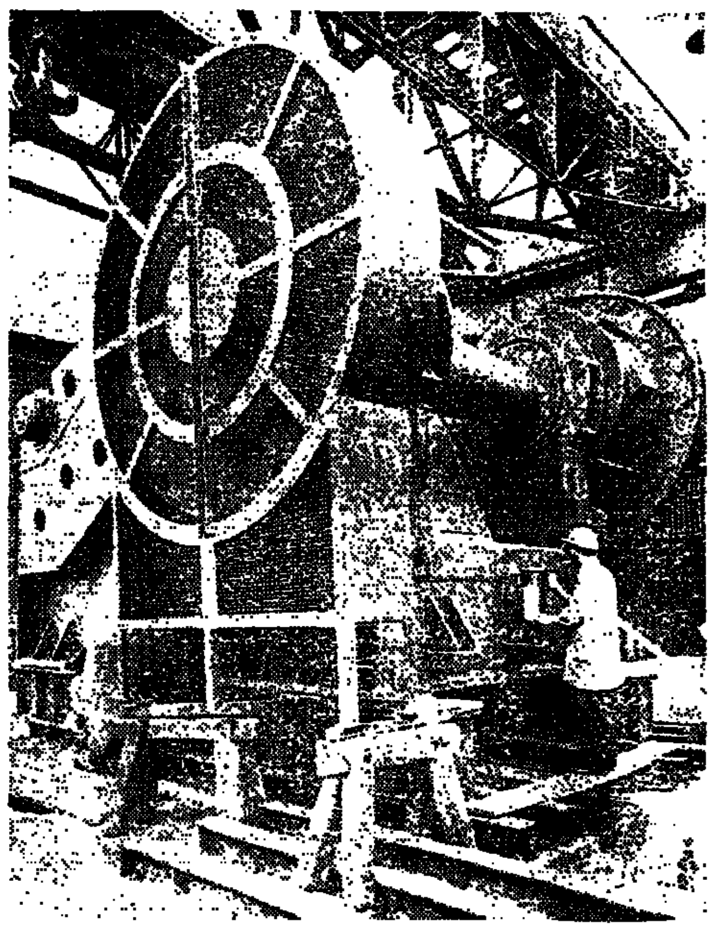
A new system of conversion from shuttle to telescopic rapier has been developed in Italy by Off. Galileo (British agent Geoffrey E. Macpherson, Nottingham NG2 6AD. Tel.: 0602 868701). The system has already been used with success to convert the internationally known Draper looms models XD and X3 and it is reported that increases in both production and efficiency have been achieved after conversion. In fact speeds have risen to 230 p.p.m., while production has risen by 30 per cent.

By replacing the clatter of the shuttle and replacing it with the "swish" of the rapier it has been possible to lower noise levels in the weaving shed to 90 db (A).

The rapiers in the conversion kit are self-lubricating and may have been manufactured from a carbon fibre composite which means that they are extremely rigid and of light weight.

Once converted, the loom is provided with electronic controls and solid-state circuitry which means plug-in modules. A four-function switch-box arrangement provides for forward and reverse shogging, running and stopping.

There is no change in the warp let-off or fabric take-up systems and the only superficial change in the converted loom is that it is widened by some 31 inches.



This big machine is being built by Fried. Krupp of Essen for the Benguerir phosphate mine operated in Rabat, Morocco, by Office Cherifien des Phosphates (OCP). It will be used to crush limestone and other materials in sizes up to 2,000 by 1,000 by 500 mm and weighing up to 5 tonnes and will handle 800 tonnes an hour. The crusher itself weighs 162 tonnes and will be powered by two 110 kW motors.

● PROCESSING

High technology extrusion unit

ACCUSATIONS that Britain's mechanical engineering industries are too slow in making use of modern technology can hardly be levelled at Edwards of Enfield which has just developed an aluminium extrusion puller making use of both a linear motor and a microcomputer.

The company has also just opened 15,000 square feet of test facilities in Enfield at a cost of £250,000.

The Edwards plant gets over the problem of gently but firmly pulling the extrusion—rod, bar, tube or complex section from the die at extrusion speed by using a carriage, complete with a circular saw, driven by a linear motor and moving parallel to the run-out table. The carriage can be very rapidly returned to the press ready for the next billet to be extruded, *certainly* well within the "dead" part of the cycle in which the new billet is loaded.

Retractable jaws on the carriage incorporate a row of gripping fingers that can secure one or more extrusions of varying cross section and the company claims it is even possible to accommodate *slightly* different extrusion rates from a multi-orifice die.

Microprocessor control in the latest machine means that it can be programmed to perform operations at the right time or place, eliminating proximity switches and relay controls. Electronic memory remembers where the carriage is, and has been, simplifying its despatch to further locations.

Edwards has not, however, embarked on a microcomputer development programme, selecting instead the Texas Instruments 5T1 program control system, supplied virtually off the shelf and incurring minimum development cost.

Texas is believed to be about to launch an up-dated version of this system, likely to make micro-control of processes and machines even simpler to install.

Operations are controlled from a console and can be carried out manually (step by step), or automatically. One of the automatic *modes ties saw* operation in with the puller so that either the selected extrusion length (set on thumbwheels) or an "end of billet" signal from the press recalls the carriage and starts the sawing cycle. Alternatively a programmed sawing cycle can be initiated independently.

A panel-selected number of billets can be run, one welding itself to the next in the die mouth, the saw automatically cutting out the weld mark on the extrusion.

With minimised loss in both press and on the run-out table; Edwards claims that yield rates up to 87 per cent are possible, at the highest production rates currently available and at high product quality and finish.

GEOFFREY CHARLISH

● IN THE OFFICE

Processor is simple to use

TES 401 is an electronic typewriter that incorporates facilities to store (either via memory bank or magnetic disc) prepared projects that may be filed for future use and/or run an unlimited number of times.

Multiple copies of original letters each with a different address: multiple copies of specific typed projects; standard typed projects that will be used (or slightly revised) over a long period are suitable jobs which the TES 401 will print at a speed of 350 words per minute.

Inclusion of a daisy wheel printer allows a choice of either pica, elite, or proportional type styles. The memory bank can hold the equivalent of 7,500 characters — enabling runs of single, one-use only projects. However, should the project need to be stored either for future use or to be later updated, altered or edited, it may be transferred to a magnetic minidisc to be stored indefinitely or erased for subsequent re-programming.

Operated via a keyboard identical to that of a normal typewriter, the TES 401 has, in addition, a small console set to the left of the keyboard that allows for the programming, storing and printing of entered data.

Operational simplicity is extended to the plasma display which has keys for scrolling characters forwards or backwards for cancelling, replacing or inserting further material into the display and working memory. This also acts as a visual record of entered materials.

Further information from British Olivetti, which is launching through a dealer network, at 30 Berkeley Square, London W1. 01-629 8807.

● PRINTING

Labels will cost less

THE PRICE which industry pays for metal labels and nameplates can be substantially reduced by a new photographic process for printing on metal, according to its first commercial users.

Involving the use of light-sensitive coating on anodised aluminium plate, it produces better quality printing at lower cost than existing methods, according to Castleham Industries of St. Leonards, East Sussex.

It is suitable for almost any printed metalwork for indoor use, including manufacturers' facia and data labels, nameplates and door signs. Because printing is done from a low-cost photographic negative rather than the screen required in conventional screen printing, the method is particularly economic for one-offs and small batches, though worthwhile savings can be achieved on long runs.

Better reproduction is given of detail on line drawings and the full range of tones for printing of photographs is provided.

Castleham Industries, Collett Close, S. Leonards-on-Sea, East Sussex TN38 9QS. Hastings 53629 (STD 0424).

● INSTRUMENTS

Small but powerful laser

RANGE finding is one of a number of uses for a Ferranti-developed sealed TEA (transversely excited atmospheric pressure) pulsed carbon dioxide laser transmitter.

Type 620 laser has a 300-kW output at 10.6 microns with a pulse width of 60 nanoseconds. The raw output beam divergence is 3.5 milliradians and it can be operated up to at least 2 Hz. It has an endurance of a million shots between refills and is normally provided with integral power supply electronics.

Ease of transmitter refilling is a specific design aspect, particularly useful if extensive laboratory or test utilisation is envisaged.

Together with power supply electronics, it measures 240 mm x 150 mm x 150 mm and weighs approximately 3.5 kg.

Further from Ferranti. Electronic Systems Department, Ferry Road, Edinburgh EH5 2XS. Tel: 031 332 2411.

● ELECTRONICS

Counters have many roles

MADE BY Intersil, a family of single chip integrated circuit universal counters from Rapid Recall (6, Soho Mills Industrial Park, Wooburn Green, Bourne End, Bucks. 06285 24961) can provide a wide variety of counter or frequency measurement functions and can directly drive common anode or common cathode eight digit LED displays.

Built into the chip, designated ICM 7216, are a high frequency oscillator, a decade timebase counter, an eight-decade data counter with latches, and eight-digit drivers. Peak segment outputs for the displays of up to 25 mA can be produced.

These devices can be connected so as to function as frequency, period, frequency ratio, time interval, or totalising counters, using either a 10 MHz or 1 MHz crystal, although an external timebase intput is also provided. For period and time interval measurement, the 10 MHz arrangement gives a resolution of 0.1 microsecond.

All the devices have internally generated multiplex timing with inter-digit blanking, leading zero blanking and overdow indication.

Packages are 28 pin ceramic or plastic dual in line, functioning from a single five volt supply over a temperature range of −20 to +70 deg. C.

● MATERIALS

Protection from corrosion

MAIN LIFT fans and propellers of Hoverlloyd hovercraft are constantly exposed to the problems of abrasion and corrosion caused by sand and sea water, particularly when a craft traverses the Goodwin Sands for th Ramsgate to Calais crossing.

Severe wear to these parts of the hovercraft has now been counteracted by coating them with Irathane 155, an elastomeric polyurethane which cures to an extremely tough, flexible surface, says Irathane International, 30, Worthing Road, Horsham, Sussex, RH12 1SL.

Important characteristics of the coating is that it is spray-applied and cures at ambient temperature, and when cured its surface possesses a low coefficient of friction with excellent abrasion- and hydrolysis resistance.

● COMPUTING

Big machine goes live

FIRST commercial organisation in Europe to employ the services of the Cray 1—the world's most powerful computer — is the London office of international consultant engineers, Electrowatt Engineering Services.

It is pioneering a service which started when United Computing Systems of Kansas City opened up its Cray 1 system to provide direct time-sharing access to clients throughout North America and Europe via its own network.

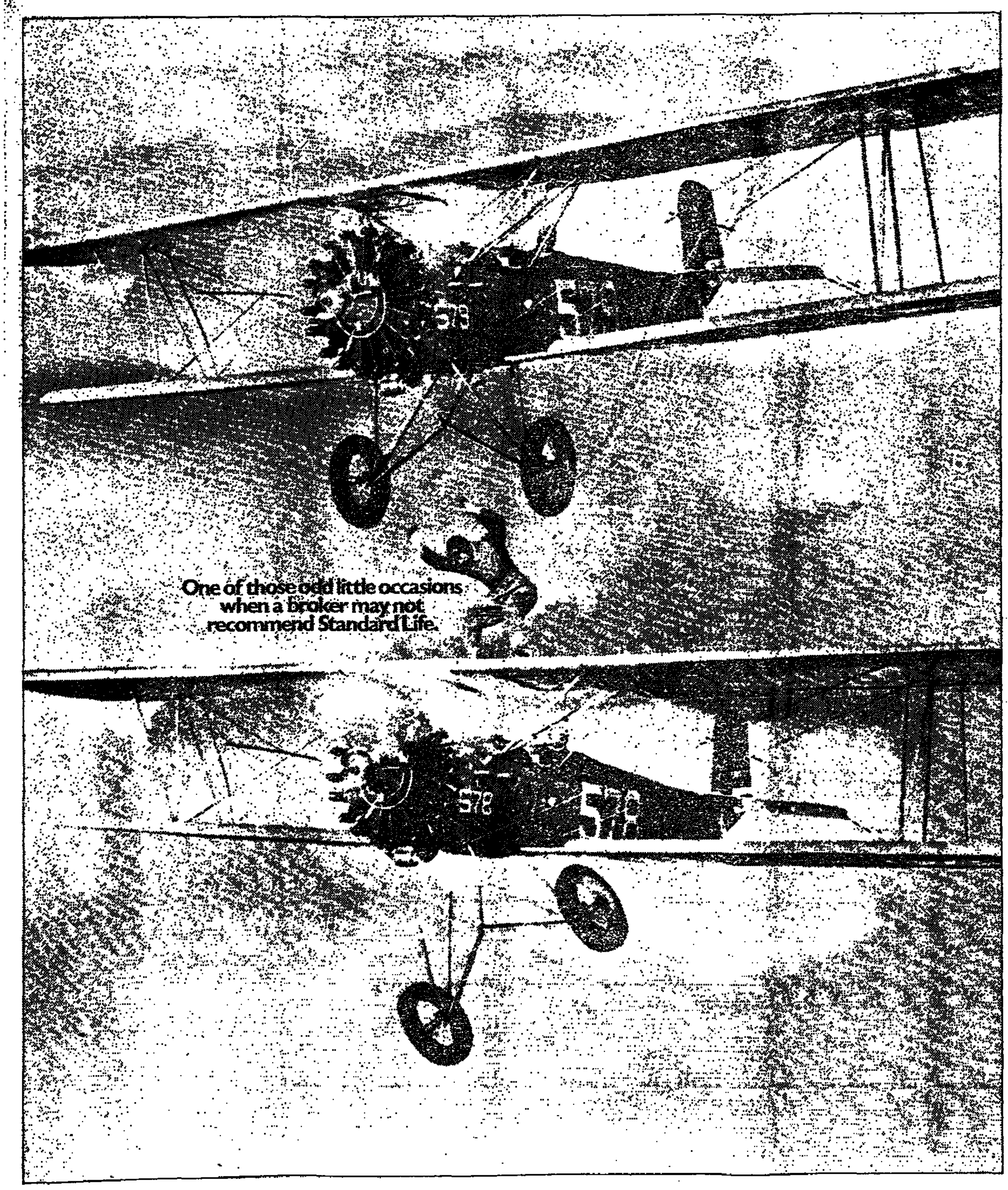
All other Cray systems currently in operation are employed by government agencies for applications in nuclear research, geophysical research, seismic analysis, aircraft design, and weather forecasting. With a memory of ½m words and a number-handling capacity of 80m floating point calculations per second, it can cut by a factor of five "big problem" processing times—or provide five times the problem-solving power currently available.

Electrowatt is based in Zurich and has offices throughout the world, fielding a team of over 1,000 consultant engineers working on projects as wide-ranging as power stations, irrigation schemes, public transport networks, sewage works, seismic research and hotel construction.

The area in which Electrowatt is most heavily involved, and on which it has built a considerable reputation, is energy generation and transportation — and in particular projects associated with nuclear, hydro and thermal energy. This demands heavy computing power.

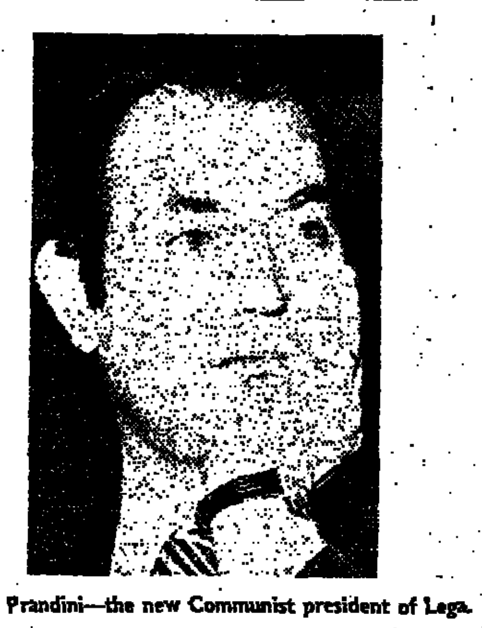
More about the Cray service from LUCS at United House, Leonard Street, London, E.C.2.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*



Italy's thriving co-ops seek a new financial footing

BY RUPERT CORNWELL



Onelio Prandini—the new Communist president of Lega.

Umberto Dragone—a socialist, he could easily be the next president of Lega.

Y'S Left-wing co-operative ment is once again making But not for the same n as in Britain in the past ears, where experiences at Scottish Daily News, :en and Kirkby made the mention of the idea almost ty word.

Italy, each passing month nstrates that the industrial erative is a device that :. So much so that the Nazionale Delle Co-operae Mutue (the National ie of Co-operatives and il Benefit Societies, known Lega), controlled by iunists and Socialists, now become not a theatre for the rivalry en the two dominant s of the Italian Left, but isingly a part of the e over the structure of the ial economy.

ly last February the ient came sharply into Traditionally the Lega has been dominated by the Communists but, taking advantage of a certain loss of touch on the part of the Communists after a financial misadventure which cost a former Communist president, Vincenzo Galletti, his job in 1977, the Socialist minority staged something of a coup. Not only did its members install one of their most forceful younger men, Umberto Dragone, as vice president, even more important, they managed to secure acceptance of the idea of alternating the top job. This means that Dragone could easily be the next President of what has hitherto been a Communist stronghold.

Figures alone explain just why the Socialists attach so much importance to the Lega in their counter-offensive against the Communist dominance of the left: last year the 12,000-odd co-operatives under the Lega's umbrella generated sales of over L5,000bn (£2.9bn). The growth rate is such (20 per cent per year in real terms) that this could rise to around L7,000bn (£4.1bn) in 1979.

Although the very strength of the movement lies in the myriad of small enterprises which constitute it, it represents en bloc the fourth or fifth economic grouping in Italy: behind IRI, ENI and Fiat, but more or less on a par with Montedison.

Politics

In a part of the political spectrum where ideology counts for so much, it was probably inevitable that so flourishing a formula should get dragged into the debate—in particular into the argument over the so-called "Terza via." This concept, launched by the party secretary Enrico Berlinguer, and so far not clearly defined, is the "third way" between Soviet-style collectivism and the orthodox Social Democracy of Northern Europe. The latter, according to the Communist critique, has acted merely as a tool for redistributing wealth, over whose creation capitalism still reigns virtually unchallenged.

It is not surprising then that the co-operative, in which none of the members can have more than one share, and where profit is divided equally among them, is attracting many Communist thinkers as being on the way to the "Terza via". But Onelio Prandini, a Communist from Emilia and the new president of the Lega, emphasises that it can be no more than part of the answer, and not an end in itself.

For the Socialists, one concludes, it is more than that; the key to a new economic model of society, based on the principle of self-management. While firmly governed by the disciplines of the marketplace, this would offer its own third way, between the glaring inefficiencies of state capitalism Italian style, and the shortcoming of classic private enterprise where the interests of employees can be so easily trampled upon.

Mr. Dragone, formerly a prominent official at the municipality of Milan before being drafted into the Lega by his party, believes the co-operative movement is already a "miracle" in the Italian context. "We've had no cases of bankruptcy—why? Because we stick to small units, spread the risks by operating across a wide field, and because there's no corruption." He aims to build on this by bringing proven managers from outside into the movement: in his words to "throw open the doors and windows of the Lega."

What is more, unlike the shadow economy, that other boom sector of Italian industry which draws so heavily on the inclination of the people towards the small and informal, the cooperative movement manages to prosper in spite of subscribing to union and labour rules. "People say we never have strikes," says Dragone. "Of course we do — over national wage contracts and the like, but because everyone participates, there's less confrontation."

The differences between Communists and Socialists are also beginning to show up in the foreign trade policy of the Lega. Traditionally the movement is closely linked with the Eastern bloc (which accounts for 40 per cent of its $1bn of exports each year) and more recently with emerging Socialist-leaning third world countries.

Some 30 per cent of its trade goes to these nations: the Lega also acts as an intermediary for third parties. In Mozambique, for example, its cooperatives are helping in a massive agricultural development project in Maputo province, while through its good offices Olivetti for one gained access to the local market.

The Socialists, as the policy document of the movement made clear, want to increase the 30 per cent of the Lega's trade which goes to Western Europe. Under its auspices an EEC co-operative congress was held in Rome this month even though official policy is that this new approach should not be to the detriment of existing ties elsewhere. Indeed, these are too important a strand in Italy's immensely valuable appeal as a trading partner and go-between with non-Western countries to be thrown away lightly.

Investments

On the financial front too, things are happening. Finding the money for the L1,410bn (£800m) of investments under the movement's current three-year plan is a problem, especially as the Lega has never enjoyed much of a foothold in the network of rural and artisanal banks in Italy (unlike its Christian Democrat-dominated rival, the Confederation of Co-operatives).

This, if Prandini and Dragone have their way, will change. Already around 10 Casse Rurali (rural savings banks) are now controlled by Lega co-operatives, and efforts are under way to find others. The sort of banks that Prandini has his eyes on are the 70-odd rural banks with total deposits of not more than around L100bn (£60m) each.

Fincooper, the financial arm of the Lega, is to set up its own version of the special aid fund for the depressed Mezzogiorno, whereby rich co-operatives will be encouraged to lend to those in the south. There are also plans to establish a guarantee fund, to help boost the amount raised in loans from co-operative members, which now accounts for about 20 per cent of the total. A similar proportion is generated from the resources of individual co-operatives, from operating surpluses or accumulated reserves.

Bank of Italy permission has been obtained in principle for this expansion. Most ambitious of all, the Lega now wants to set up its own bank, in which a minority stake of 30-35 per cent would be held by the German trade union movement. A similar arrangement already works well for Unipol, the insurance arm of the Lega.

Socialists and Communists are equally emphatic on this need for viability. Both reject—and have told the Italian Government so—the idea of a co-operative as a last-ditch solution for an enterprise already doomed. Politely but comprehensively Prandini dismisses the British way of doing things. "I don't agree at all. It's as if everyone else had given up and the Government then said, oh, give the workers some money and let them have a go."

He draws some encouragement from the fact that the British are at least thinking more about industrial, as opposed to consumer, co-operatives. "But they can't be just an end resort, when the venture has no chance anyway." Not for the first time, Italian Communism appears economically much harder-headed than British socialism.

BRUSSELS

The EEC sticks to its policy on labelling, but only just

BY DAVID CHURCHILL

:EEC directive aimed at the onisation of food labelling : first major piece of con- · protection legislation the Community adopted nsumer affairs programme '5 — has finally emerged Brussels after years of ling.

Britain the Ministry of alture will shortly publish s of the new regulations ed to implement the direc- which was agreed by the :il of Ministers late last and will come into force · end of 1980.

· directive will force food factures to disclose, on . sensitive information, in of both date-marking and lients, that many manu- ers have steadfastly :d to give the consumer - now.

the directive will be the eal influence on consumer :tion to emanate from els — succeeding where ous attempts to harmonise andard of foods such as or beer, or protect the consumer from misleading advertising or doorstep salesmen, have either sunk without trace or are in the process of floundering.

The directive also provides a significant example of the way in which Britain's bureaucrats in Brussels work with UK industry to achieve the inevitable EEC compromises.

The directive may be the most far-reaching piece of EEC consumer legislation, but it has still not completely satisfied European consumer organisations which think the directive does not go far enough, much to the chagrin of the hard-pressed bureaucrats in Brussels responsible for keeping the Community's consumer programme alive.

The Bureau European des Unions de Consommateurs (BEUC), which represents European consumer organisations at Brussels, feels that the compromises "go a long way to making a mockery of the otherwise excellent directive and gravely endangers the credibility of the nine governments' declared concern for consumer protection in Europe."

The food labelling directive was first drafted in June, 1974, before the much-vaunted consumer programme got off the ground. But its survival through the intervening five years owes much to the growing pressure from consumers in the nine EEC countries.

As a speaker at a recent Food and Drink Industries Council (FDIC) seminar candidly admitted: "Left to industry, I doubt if we would ever have got agreement."

The aim of the directive is broadly to give European consumers clear, uniform and accurate information "as to the characteristics of the foodstuff and, in particular, as to its nature, identity, properties, composition, quantity, durability, origin or provenance, method of manufacture or production."

The most important part of the new regulations undoubtedly deals with date-marking of food products. But other areas of controversy include the percentage declaration of ingredients, the use of so-called "E numbers" (an agreed code using E1, E2, etc. for unpronounceable chemical names), and drained weights of packaged foodstuffs.

In all these areas there has been much behind-the-scenes activity in Brussels, with the UK's representatives fighting hard to achieve several compromises, notably over date-marking.

The need for greater information on date-marking was illustrated by a Consumers' Association survey in Britain which found that most UK consumers were confused by existing date-marking information. These products which had a "sell by" date were often misinterpreted as "eat by" dates; and the information did not obviously give consumers clear information as to the storage life of a product.

The EEC directive instead adopts a minimum durability system of date marking, similar to the one used in Canada. This will mean that most foodstuffs — with only a few exceptions — will have to include a "best before" date (meaning that the product is in its best condition before a certain date) on the label to tell consumers the shelf life. When storage conditions affect the date, then that information must also be included on the label.

Frozen foods and short-life perishable foods, such as meat, fish, and dairy products, will still be able to use the "sell by" label. But as a result of pressure from the UK bureaucrats, a compromise was reached allowing the option for countries to exempt food products with a shelf life in excess of 18 months from the "best before" labelling. The UK had wanted this concession to apply to products lasting longer than 12 months, but accepted the 18-month ruling as a compromise.

Directive

A speaker at the FDIC seminar, Mr. John Elliott from Batchelors Foods, pointed out that the UK's solitary fight on date-marking indicated that there was a closer relationship between the food manufacturers and government in Britain than in the other member countries.

Industrialists in most other countries were in favour of the date-marking exception proposed by the UK, he said, but their governments had not represented their views in Brussels. "Manufacturers in other member states do not appear to have the relationship that we have and this is something we must maintain," he added.

But British (and other) food manufacturers are now anxious for the Ministry of Agriculture to finalise any further details of the date-marking system to be used so that the necessary equipment can be bought and tested in time.

Apart from date marking, the rest of the Brussels wrangling centred largely on the listing of ingredients. Originally, it was proposed that the percentage of main ingredients in a product should be listed on the label—what percentage of fish is in a fish finger, for example. The UK opposed this, including among its arguments: "How many shepherds in a shepherds pie?"

In the end another compromise was reached whereby the percentage need only be disclosed when that particular ingredient is emphasised, and emphasis does not mean the name of the product. Although details still have to be clarified it seems likely that while tomato and vegetable soup, for example, is the name of the product and not "emphasis," a declaration that it comes with "luscious tomatoes" would probably require the percentage of tomatoes to be listed.

The use of so-called "E numbers" was also opposed by the UK, since it was claimed they would hamper manufacturers' flexibility for substituting additives. These E numbers are designed to avoid the use of such terms as "sodium carboxymethyl-cellulose" on the label, while still giving full details of ingredients and additives. Consumers with allergies to particular additives would be able to recognise those E numbers to avoid.

However, another compromise has allowed the use of E numbers to be made optional.

One final compromise may have significant implications. Because of the dispute over some aspects of the directive the main areas in contention will be reviewed after five years.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Private company voting

I believe, in the case of a private company, the normal procedure in voting can be (1) show of hands; or (2) vote by poll. Is it true, however, that in the latter case a motion can be overturned if it is backed by less than 75 per cent of the votes tabled at the time of the meeting? Is it also true that one can demand (say the Chairman) a vote by poll instead of a show of hands?

An ordinary or bare majority is sufficient. Unless the motion is one which falls in the categories required by the Companies Act 1948 to have a special majority (e.g. changing the name of the company), where a three-quarters majority is needed. The Company's articles of association may also prescribe cases (not required by the Act) where a special majority is required. There is normally no right to insist on a show of hands as opposed to a poll, and Section 137 of the Companies Act limits the power to make provision in the articles of association to restrict the rights of members to demand a poll. Broadly speaking the holders of more than 1/10th of the voting share capital or members with voting rights exeeeding five in number cannot be precluded from demanding a poll.

Security of tenure

I rent business premises comprising dwelling accommodation on two floors and offices on the ground floor, on a seven-year lease which expires in September 1980. A property company's superior lease on this property expires nine months later. On the expiry of my lease what rights do I have and against whom? If I can stay, how will the rent be determined?

You will have the right, as against the lessor whose interest has more than 14 months to run when a notice to determine your lease is served, to security of tenure under Part II of the Landlord and Tenant Act 1954 i.e. to a new lease at the market rent, provided the landlord does not require the premises for his own occupation or for reconstruction.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

The Strasbourg circus

BY MARGARET VAN HATTEM

In Strasbourg, with no help from anyone, members of the European Parliament recently made perfect asses of themselves. Intent on voting for a three per cent increase in the Community's farm support prices, they inadvertently voted for a freeze on products chronically in surplus. In effect, a freeze on half the Community's annual $1.3bn price support bill. In voting for a three per cent rise on the remaining half, they got the currency unit wrong, using a unit which never was and never will be used for farm prices, the direct application of which would, however, cut prices by around 17 per cent.

This rather spectacular blunder may answer the implicit questions of certain British MPs, who began the debate by deploring the Parliament's total lack of control over EEC farm spending. Farm spending takes up three quarters of the Community budget. The Commission, in putting forward proposals, is required to take note of the Parliament's opinion but not necessarily to act accordingly.

Confusion

How did such a blunder come to be made? Well, the package before the members was complicated, perhaps unnecessarily so, by the large number of proposed amendments. And the technicalities of EEC agriculture can be daunting to the unwary. But this sort of confusion can be cleared up in advance of the voting. The real answer is that half the members, having collected their appearance money, had left Strasbourg by the time the vote was taken. And the kindest thing that can be said of the remainder is that, with a few honourable exceptions, they were half asleep. One Commissioner, less kindly, referred to them as a "bunch of clowns."

It could be argued that the farm vote was a highly technical matter that would have confused most parliaments. But even when it comes to the broad brush strokes of international politics, the European assembly still ends up with egg on its face. On the same day as the farm vote, the Parliament withdrew from its agenda a rather embarrassing report on a code of conduct for EEC firms operating in Africa which suggested, among other things, that a policy of one-man-one-vote "will not help to resolve the conflict in South Africa . . . if anything it would exacerbate the situation." An investigation was immediately launched to determine how such a report came to be written. No investigation is needed, however, to determine how it got on to the agenda in the first place. Neither the committee on development and co-operation which was responsible for the report, nor its rapporteur appear to have read it very closely. Though some members had sought changes in earlier draft versions of the text, they had not, apparently, bothered to push them through.

Death throes

Many who have attended sittings of the European Parliament in Strasbourg or Luxembourg sympathise with the Commissioner. But if the European Parliament is a circus, it is an expensive one. Last year, running it cost the Community more than $150m.

Over the past six months the Parliament, in exploiting a loophole left by the Council of Ministers to try to force through an increase in the Community's Regional Fund, has shown it has ability to master complicated legal procedures—even if it does not always use it. In the excitement of the battle between the Parliament and the Council, optimists have been speculating that the direct elections in June might give birth to a new animal, a Parliament with teeth and claws. It will, of course, need them in the struggle to wrest power from national parliaments and from other EEC institutions; and to fight its way through the mountain of paperwork left by the present Parliament which, in its death throes does not apparently have the strength left even to wield the rubber stamp.

The new MPs will not need to divide their time and energy between the European and national Parliaments—they will be full time. They will, it is hoped, have more staff and better back-up services, and they will probably be of higher calibre than the outgoing MPs. But will this be enough to effect the transformations? With less than three months to go, it is not at all clear what the new Parliament is supposed to do, nor whether it will be equipped to do it.

Time for a really good fig

GARDENS TODAY

BY ROBIN LANE FOX

PRIVATE greenhouses nowadays are smaller, uglier, and less rewarding than most of their forebears whose memories are preserved in records or photographs some 50 years ago. Unpainted metal frames and polythene bubbles have none of the style of the old wooden-framed lean-to. In a few brick-walled kitchen gardens you can still meet the proper thing, heated against tax and still roofed over with fruiting exotica. To enter a greenhouse was once to come out with a pocketful of secret peaches, grapes, or a well-concealed nectarine. The passage through a clammy hot-chamber into white-washed rooms which still smelled of fruit-spray was a regular burglar's progress, half-tolerated by fortunate hosts.

Resisting such a well-stocked greenhouse last week, I pined for the worry of leaf-drop, fruit-fall, pollination by rabbit's tail and bagging against wasps. Above all, I longed once again for a really good fig. Readers with southern or foreign gardens write in from time to time to ask if the fig has a trick. Having lived for some years with two poor fruiters on a cottage wall, I came to know some of their habits. Now is a fit moment to plant one if it takes your fancy. You need a warm south-facing wall, a cold and well-aired greenhouse or a Mediterranean retreat.

It is odd what the experts see in it. "The most characteristic feature," writes an authority, Mr. Bean, "is the peculiar inflorescence which consists of a concave receptable almost closed at the mouth and containing numerous unisexual flowers." Botanists will be botanists. Perhaps Mr. Bean never sank his teeth into those voluptuous centres of red-brown flesh and gritty seeds. I prefer the tastes of an old Roman emperor. The foam on the jaws of a dying wild boar, the splitting seams of over-ripe figs: these, in a vivid perception, were the favoured sights of Marcus Aurelius, paying the world's first prose tribute to the autumn fig.

"The industry of fig-culture," runs a judgment, hardly less respected, "may fairly be said to be centred in Worthing." In 1904, fig leaves were all the rage outside this unlikely town. Nearly two centuries of history ran behind the Tarring Fig Gardens outside Worthing, an extraordinary oasis of half an acre of well-spaced fig trees, thick with fig leaves and up to 25,000 fruits a year. I have found nobody as yet who can vouch for this plantation's continued productivity, though figs are long-lived trees. At the turn of the century, the heaviest croppers were standing free in the open, a site which we would never risk inland nowadays. But Covent Garden thrived on them, as did Londoners' late summer digestion when the Worthing figs were 4d a dozen in a modest year.

Converts to fig-culture must be reminded of the two important facts. Figs must be confined at the roots. Otherwise, they feed themselves too well and run densely to leaf. I had two old ones between my former house's windows where they were soon a menace. By late autumn their branches were thickly-leafed and spreading all over the glass. The trees had not been properly confined at the base. A former owner had manured them when she found that fruit was seldom set. Thereafter, it was scarcer still. Figs must not be fed too deeply. Their woody stems and rough leaves hold the moisture on bare Aegean rock-faces. Like you and I, they are poor when they run to fat. Limit them to a bed only two feet wide and two feet deep. Feed them only with liquid manure when the fruits are already set. Be merciless about their confinement. You should line their bed with solid concrete in order to stop the roots thrusting out and down for food. They will be the better for it.

The second point is obvious, but less familiar. Figs bear ripe fruit only on last year's matured growth. There are several reasons for those heavy crops of unripe little figs, but one of the least-recognised is their habit of appearing on the current year's growth where they fail to fatten up. For this, one point follows which I have often seen violated on old trees. When the leaves have fallen or the fruits been gathered in autumn, you must not lay into your fig and tell yourself that you are cutting it back ruthlessly into the old wood. You would be removing the shoots with the likeliest chance of cropping ripe fruit next year. The problem, of course, is the containment of a big fig tree against a wall. You can thin it cautiously. You can also stop the thrusting end or "extension" growths in mid-summer, leaving them a length on which to fruit while stopping them soaring over the gutter. This is a worthwhile job in early July, unless other factors have conspired for a good crop whenever I have remembered to do it. More simply, you can be sure to choose the right variety.

Two are usually offered. Be warned that Brunswick is very big and only for high walls. Brown Turkey is far smaller, almost so modest that you need not worry about limiting its roots. Brown Turkey, then, is the usual gardener's best friend. Connoisseurs will keep an open eye, however, for the old Black Ischia of Edwardian walls. This has the driest flesh and most distinctive flavour. Its fruits turn from green to black and its shoots go up to a height of ten feet eventually. I cannot name a certain supplier for you, but it turns up from time to time. When I picture Cleopatra's last hours, it is from a basket of Black Ischias, dark and slender-necked, that I imagine the asps coiling their similar heads.

Two tips, finally, and a suggestion where to put a fig tree. We are always left with small, unripened figs in October. These should be picked off the trees as they let rot into the branches if they hang on too long. Those which start to ripen should not be picked unripe in the hope that they will come on indoors. Figs must split and ripen on the tree. You are advised to protect them in their final week on the branch. Use gauze or nylon cut into a square an tied round each fruit. Polythene bags are a mistake. They heat up the fruit and cause it to rot within two days.

How can the owners of sunny but small gardens make any use of these delicious fruits? Plant Brown Turkey in a large pot and be patient with it. Otherwise, acquire a larger tub and put a Brunswick at the foot of a sunny wall on a paved terrace. You have to be sure of a top-size tub and its water-supply in summer.

Essex Prince can score for Harwood at Folkestone

RACING

BY DOMINIC WIGAN

NINE RACES spread over four hours is the the programme at Folkstone this afternoon where the seven furlong Shorncliffe Stakes, has been divided into three divisions.

One of the few racegoers likely to relish this endurance test is Guy Harwood who has the prospect of success with Lustroso and Essex Prince.

The first from this pair to take the field is Essex Prince and even he has to wait until the seventh race, the opening division of the Shorncliffe.

As a youngster Essex Prince ran only once, but his effort was good enough to suggest that a race of this type would prove well within his ability as a three-year-old. Well to the fore in the early stages of a 21-runner maiden race won by Barra Castle at Newmarket last July, Essex Prince was given an easy race.

Essex Prince looks poised to win arguably the weakest of the three Shorncliffe divisions.

In contrast stablemate Lustroso has had a busy first team: finishing out of the frame on three occasions before being placed twice at his local course, Goodwood, in the autumn.

If, as reports suggest, Lustroso is fitter than most in a particularly well forward Combelands stable there seems no reason why he should not land the second division of the Rochester Stakes.

That seasoned campaigner, Mr. Fordette, goes for his fourth course and distance victory in the Kingsnorth handicap over 1½ miles.

Mr. Fordette looks certain to give a good account of himself; but I doubt if he will be able to give 18 lb to Azd, who is equally versatile, notching up a hurdling double within three days recently.

Bill Wightman has a number of likely looking three-year-olds racing for him this season and I am hopeful that Kings Ride will be his first winner in the opening division of the Shorncliffe.

Wightmans bay colt did not achieve anything in two races as a youngster but I understand that he, too, is well forward and considered capable of winning a small prize.

FOLKESTONE

1.45—Ayoub
2.15—Piercing Note
3.15—Hazard Chase
3.45—AZD*
4.15—Kings Ride
5.15—Essex Prince***
5.45—Lustroso**

TV/Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 Out of Bounds. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wonderful World of Disney.
7.35 Morecambe and Wise at the BBC.
8.10 Accident.
9.00 A Party Political Broadcast by the Labour Party.
9.10 News.
9.35 Sportsnight.
10.30 Tonight.
11.20 Most Wanted.
12.10 am Weather / Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 12.10 am News and Weather for Scotland.

Wales—2.18-2.38 pm I Ysgolion. 5.10-5.35 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.05-7.35 Florida. 12.10 am News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School (as BBC-1 3.55 pm).
4.50 Open University.
6.55 Family History.
7.20 Mid-evening News.
7.30 The Long Search.
8.20 The Money Programme: The price of petrol.
9.00 A Party Political Broadcast (as BBC-1).
9.10 M*A*S*H.
9.35 Play of the Week.
11.05 My Kind of Movie: Harold Evans, editor of the Sunday Times, on "The Treasure of the Sierra Madre."
11.10 News.
11.25 Arena: Cinema.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Treasures In Store. 3.50 Letter by Letter. 4.20 Under the Same Sun. 4.45 Park Ranger. 5.15 Makin' It.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Morecambe and Wise Show.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Spike Milligan—The Best of British.
10.00 News.
10.30 Lou Grant.
11.30 Guinness Golden Darts.
12.00 What the Papers Say.
12.15 am Close: A painting by El Greco with music by Juan Martin.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 House-party. 2.25 The Love Boat. 3.20 Treasures in Store. 5.15 Mr and Mrs. 6.00 About Anglia. 10.30 Great Managers, Great Players. 11.15 The Company Man. 12.15 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 10.30 The Mid-Week Matinee: "The House On Green Apple Road," stars Janet Leigh and Walter Pidgeon.

BORDER

11.20 pm Border News. 2.00 House-party. 2.25 The Family. 5.15 The Rolf Harris Show. 6.00 Lookaround Wednesday. 10.30 Great Managers, Great Players. 11.15 The Practice. †11.45 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Leave Cape Horn to Port. 5.15 Emmerdale Farm. 6.00 Channel News. 6.15 Funky Phantom. 9.00 Review. 10.28 Channel Late News. 10.32 Great Managers, Great Players. 11.15 Barnaby Jones. 12.10 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Streets of San Francisco. 11.25 Reflections. 11.30 George Hamilton IV. 12.00 Grampian News Headlines.

GRANADA

1.20 pm Dodo. 2.00 Live From 2. 5.10 Max The 2000 Year Old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us A Clue. 10.30 The Wednesday Film: "Puppet on a Chain." 12.20 am What The Papers Say.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.30 Great Managers, Great Players. 11.15 "Treasure Chest Murder," starring Andy Griffith.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 'Rydw I Am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Muskel's Skmuskels. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Mr. and Mrs. 10.30 Late Call. 10.35 Two + Two. 11.05 Puddle Dock Follies.

SOUTHERN

1.20 pm Southern News. 2.00 House-party. 2.25 Young Ramsay. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid Week (South East Area only). 10.40 Great Managers, Great Players. 11.15 Southern News Extra. 11.25 Electric Theatre Show. 11.55 Police Surgeon.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where The Jobs Are. 5.15 Laverne and Shirley. 6.00 Northern Life. 10.30 Great Managers, Great Players. 11.15 Police Surgeon. 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Electric Theatre Show. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.30 McMillan and Wife. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Leave Cape Horn To Port. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Great Managers, Great Players. 11.15 Barnaby Jones. 12.10 am Faith for Life. 12.15 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Great Managers, Great Players. 11.15 Electric Theatre Show.

Radio Wavelengths

1 1053kHz/285m, 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo
2 693kHz/433m, 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

BBC Radio London: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Nigel Rees (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Robin Richmond (S). 7.30 Listen To The Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 Peter Alliss says Be My Guest. 11.02 Harry Rowell with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Bill Rennells (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Liszt (S). 9.55 Organ Music (S). 10.40 Cello Sonatas (S). 11.25 Midday Concert, part 1 (S). 12.05 pm In Short. 12.15 Midday Concert, part 2 (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Ligeti's Chamber Concerto (S). 2.25 The Shostakovich Quartets (S). 3.15 Youth Orchestras of the World, part 1 (S). 4.00 In Short. 4.10 Youth Orchestras, part 2 (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Sir Charles Villiers Stanford. 7.10 George Malcolm Harpsichord recital (S). 7.30 Rozhdestvensky and the BBC SO, part 1: Hindemith, Beethoven (S). 8.00 The Burden of Our History (talk by F S L Lyons). 8.30 Rozhdestvensky and the BBC SO, part 2: Prokofiev (S). 9.30 Come Unto These Yellow Sands (S). 10.30 The Arts Worldwide. 10.50 "Les Mamelles De Tiresias," comic opera in two acts and prologue by Poulenc (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 The Popular Image. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 About Face. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Tell Me Where It Hurts (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.30 Parliamentary Debate. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Rector of Stiffkey (S). 8.45 Parliamentary Debate. 9.59 Weather. 10.00 The World Tonight. 10.45 The Movie Moguls. 11.15 A Book at Bedtime. 11.30 The Financial World Tonight. 11.40 Today in Parliament. 12.05 am News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 Join Radio 2.

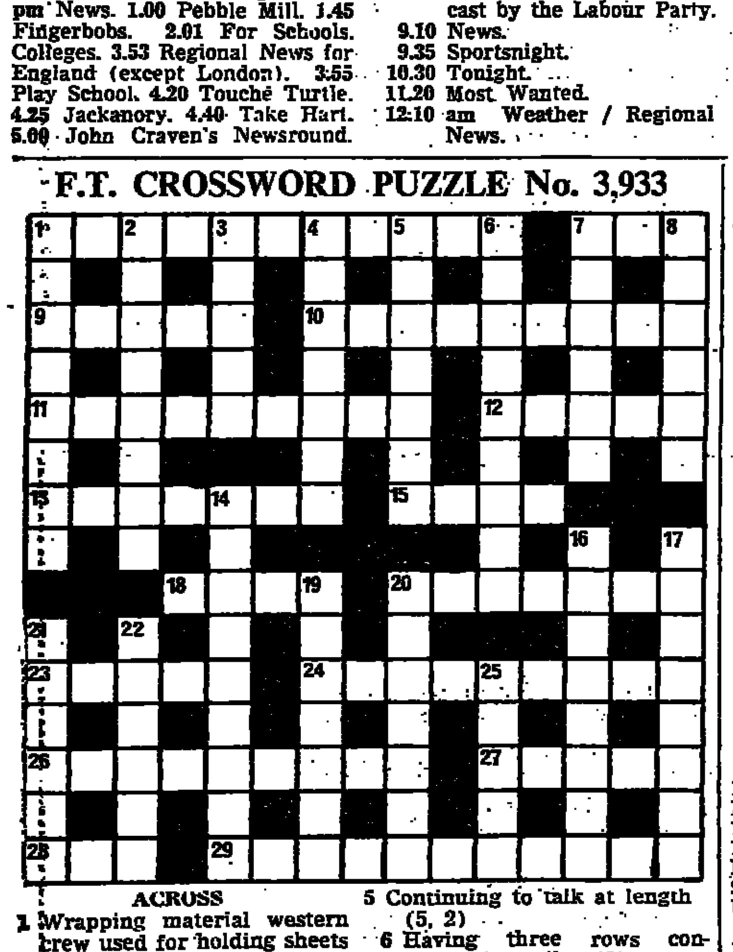
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It (S). 11.00 Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,933



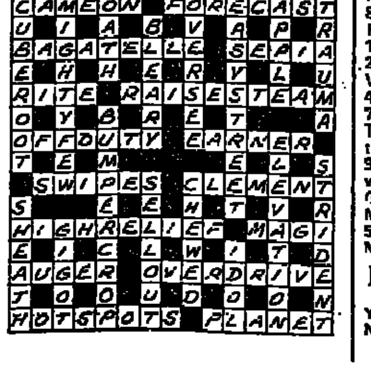
ACROSS

1 Wrapping material western brew used for holding sheets (5-6)
7 Silly fellow climbs in trees (3)
9 Perch or pole in foundation (5)
10 Start to talk about one drink (9)
11 Waif discovered fish (9)
12 Angry about one artist's note (5)
13 In former turn but not precise (7)
15 Born and died initially in want (4)
18 Harsh sound of adherent? (4)
20 Seen and heard in church and court (7)
23 Suave learner in orchestra (5)
24 Red returns substitute horse and pistol (9)
26 Tight circle in southern tent (9)
27 Cry about small number returning, old pal (5)
28 Hit a very small spot (3)
29 Change the term "roar" to "quake" (5-6)

DOWN

1 Airmen start flying in pain, needing oil (8)
2 He can get a professional healer (8)
3 Deserved to be valued (5)
4 Person full of self-importance got in wrong site (7)
5 Continuing to talk at length (5, 2)
6 Having three rows converted in trailer (9)
7 Stitch article for sailor (6)
8 Like better to promote (6)
14 Plenty for sailor going to a French ball (9)
16 Telephone mean, grovelling creature with skin disease (8)
17 Drink put round salver for traitor (8)
19 Animal that's more flushed round the east (3-4)
20 Withdraw from competition—it could be the result of irritation (7)
21 Sailor employed and maltreated (6)
22 Vegetable for a vicar in bed (6)
25 Suffer at home with dog (5)

Solution to Puzzle No. 3,932



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. [illegible]

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL BALLET. [illegible]

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. [illegible]

THEATRES

ADELPHI THEATRE. 01-836 7611. [illegible]

ALBERY. [illegible]

ALDWYCH. 836 6404. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

AMBASSADORS. CC. 01-836 1171. [illegible]

APOLLO. [illegible]

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN [illegible]

ASTORIA. [illegible]

CAMBRIDGE. [illegible]

CRITERION. [illegible]

DRURY LANE. CC. 01-836 8108. [illegible]

DUCHESS. 01-836 8243. [illegible]

DUKE OF YORK'S. CC. 01-836 5122. [illegible]

FORTUNE. 836 2238. [illegible]

GARRICK. CC. 01-836 4601. [illegible]

GLOBE THEATRE. CC. 01-437 1592. [illegible]

GREENWICH THEATRE. 01-858 7755. [illegible]

HAMPSTEAD. 722 9301. [illegible]

HAYMARKET. 01-930 9832. [illegible]

HER MAJESTY'S. CC. 01-930 6606. [illegible]

KING'S HEAD. 226 1916. [illegible]

KING'S ROAD THEATRE. 01-352 7488. Monday to Thursday 9.00. Friday and Saturday 7.30 and 9.30. THE ROCKY HORROR SHOW [illegible]

LYRIC THEATRE. CC. 01-437 3686. [illegible]

MAY FAIR. 01-629 3036. [illegible]

NATIONAL THEATRE. 928 2252. [illegible]

OLD VIC. 01-928 7616. [illegible]

OPEN SPACE. 01-387 6969. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX THEATRE. CC. 01-836 2294. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. CC. 01-437 6877. [illegible]

PRINCE OF WALES. 01-930 8681. [illegible]

QUEEN'S. CC. 01-734 1166. [illegible]

RAYMOND REVUEBAR. CC. 734 1593. [illegible]

ROYALTY. CC. 01-405 8004. [illegible]

ROYAL COURT. 730 1745. [illegible]

SAVOY THEATRE. 01-836 8888. [illegible]

SHAFTESBURY. [illegible]

STRAND. 01-836 2660. [illegible]

STRATFORD-UPON-AVON. Royal Shakespeare Theatre. [illegible]

ST. GEORGE'S SHAKESPEARE THEATRE. [illegible]

ST. MARTIN'S. CC. 836 1443. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible]

TALK OF THE TOWN. CC. 01-734 5051. [illegible]

THEATRE UPSTAIRS. 730 2554. [illegible]

VAUDEVILLE. CC. 01-836 9988. [illegible]

VICTORIA PALACE. CC. 01-828 4735-6. [illegible]

WAREHOUSE. Donmar Theatre. [illegible]

WHITEHALL. CC. 01-930 6692-7765. Monday to Thurs. 8.00. Matinees Fri. and Saturday 6.15 and 8.45. [illegible]

WINDMILL. CC. 437 6312. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. 928 6363. [illegible]

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. [illegible]

CAMDEN PLAZA. [illegible]

CLASSIC 1, 2, 3. Haymarket (Piccadilly Circus Tube). [illegible]

CURZON. [illegible]

LEICESTER SQ. THEATRE. [illegible]

ODEON HAYMARKET. [illegible]

ODEON LEICESTER SQUARE. [illegible]

ODEON MARBLE ARCH. [illegible]

PRINCE CHARLES. [illegible]

STUDIO 3, 4. Oxford Circus. [illegible]

ART GALLERIES

AGNEW GALLERY. 43, Old Bond Street, W.1. [illegible]

[illegible]

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THE ARTS

l, Manchester

Carmélites

by MAX LOPPERT

ot exactly a ball of fire. was one remark over-ring Monday's perform- the Royal Northern of Music. Poulenc's alogues des Carmélites, detractors; for me it ore beautiful. more al, even—for all its dis-erstatement of manner —emotionally grander, ch encounter. Many s have been recognised the composer owned— usic. Yet each hearing disclose the dominant of Stravinsky. particu- e Stravinsky of his ies of wind instru-mphony of Psalms, and -er.

are the neo-classical y, marbled and grave and the tone of the is mostly grave, even lapidary concision of y has been sweetened ulenc's own brand of ricism. In a way, it is at in the past decade e opera has become y a vehicle for There are good reasons should have. Opera eed operas that provide contingent of nuggety ples; Poulenc has sup- e. And young, fresh d a sheen of innocence licity that keeps pos-eats of sentimentality ut from all his players, ose in small parts, demands an eloquence word to note—mostly ersational utterance, in brief, ample lyrical at is an art not often stered at the student ithout it, the drama is tly less vigorous.

thoughts are prompted decision of the Royal College to give the the original. That is o major mistakes that g shadow on an other-roughly prepared pro- Singing in French is a useful early lesson cast, and if all three nces in the run were played to the public, uld be no complaint. is an opera in which mprehension of an matters a good deal if to seem one eternal *moderato, très calme et* rhaps the college knows nce, and knows that it ung French a good deal dily than audiences at Garden and the Metro- where the work is done h Machlis' translation. n, the college has not l by its audience. Only one singer communicated in the language—for the rest, several mouthed it with tolerable accuracy, most did not.

The other mistake is one of production, and is a mistake so gross that my blood runs hot when I think about it. In the famous final scene, the Carmelite nuns go to the scaffold—of which Poulenc asks that only the base be visible—one by one. Fifteen voices have joined in a "Salva regina," one by one the voices are cut off, until finally only Constance, and at the last moment Blanche, carry the melody. But producer (Timothy Tyrrel) and designer (Sue Blane) had decided that a whole guillotine must hold the back centre of the stage, and that we must see and hear it in action. Not only was the crucial musical impact of the abruptly diminishing voices reduced to nothing, but the all-too-visible workings of the machine contradicted in every possible way the atmosphere of curious reserve and purity crucial to the climax of the opera. This was a vulgarity so serious as almost to obscure the memory of an otherwise competent production and an efficient, if at times over-insistent, set of sliding white gauze panels, its props nicely detailed.

The singer who communicated was Vanessa Williamson. She gave an altogether remarkable account of the Old Prioress's death scenes. A single, obvious criticism — that she looked, and her clear, candid contralto sounded, too young — had to be set against the breadth and subtlety of her phrasing, her ability to focus attention on meaning. The second and third acts were less vivid without her, although the singing of the more-than-promising Jennifer Sharp, a Blanche with a soprano at once clean and vibrant, forwardly delivered, was always a pleasure, and Yvonne Lea as Mother Maria began to direct her strong mezzo more dramatically across the footlights. But Constance was vocally slight, Mme Lidoine weakly projected, and so two important forces of the argument—those of bright uncomplicated faith and of down-to-earth bourgeois wisdom —were devitalized. The orchestral playing was of high standard, at once a compliment and a tribute to David Jordan, who conducted. Mr. Jordan had not, at this first performance, fully found the rhythmic key to the moulding and differentiating of the Poulenc paragraphs; domestic scenes tended to go slack.

rynmor Jones Library's 50th birthday

ynmor Jones Library in ersity of Hull has just d its 50th birthday. The y has published an d booklet, The Jones Library 1929- racing the library's ent to the present with a stock of more m volumes and many reader services.

brary was named after ynmor Jones, vice- r of the university 1956-1972, who was responsible for the growth. The library only two librarians: es Cuming, who retired , and the present librarian, the poet Philip Larkin. Although the booklet is unsigned, Dr. Larkin is understood to be the author.

The booklet mentions some of the library's acquisitions, such as the library of the Fabian Society and the collection of papers "relating to bodies such as the Union of Democratic Control and the National Council of Civil Liberties," which have given the library some standing as a research centre in political ideologies.

The library of Busby Hall was acquired in 1957 for £100; the 2,000 volumes included a second edition of Raleigh's *History of the World* (1617) and a 1759 printing of Voltaire's *Candide*.

Television

The accepted face of violence

by CHRIS DUNKLEY

At about 8.50 on Sunday evening BBC2 transmitted to homes all over Britain a vivid and detailed sequence of pictures showing a man pushing a long pointed object into a woman. We watched in medium-shot as the man prepared his assault, and then went into close-up on the relevant area of the woman's body at the moment of penetration.

It may well be that the "flesh" we saw being pierced in close-up was really part of a dummy, but such is the expertise of directors, make-up artists, and editors these days that I certainly flinched not only mentally but physically at that moment.

The man was actor Hywell Bennett who is playing the part of Dr. Bickleigh in Philip Mackie's dramatisation of Francis Iles' story *Malice Aforethought*, which is being broadcast on Thursday evenings at 8.30 with Sunday evening repeats at 8.10. The woman was Judy Parfitt, giving a wonderfully loathsome portrayal of Julie, Dr. Bickleigh's wife.

The part of her body being penetrated was her arm, the pointed object was a morphia-loaded hypodermic syringe, and the event being portrayed was that most violent act which one human being can visit upon another: murder.

A week ago today the BBC issued "A Revised Note Of Guidance" comprising 26 pages of advice and suggestions for its own staff on "The Portrayal Of Violence In Television Programmes." On Page 2 it says: "It has been accepted since 1960 that programmes shown before 9.00 pm should not be unsuitable for the children who are likely to be included in the audience." It adds that the BBC realises large numbers of children will watch "any adventure or 'horror' film, comedy series or popular crime series, even when placed late at night." and adds: "There are even larger numbers of children among late night audiences at weekends. . . ."

Why, then, was that sequence in *Malice Aforethought* transmitted twice last week, seeming as it does to contravene the BBC's own rules just about as thoroughly as possible? You may say that *Malice Aforethought* was made and scheduled months ago, that the Revised Note Of Guidance was published only last week, and has not yet been distributed to staff. In essence, however, the new Note is no different from the March, 1972, Note Of Guidance of which it is a revision, and anyway—as the Note makes clear—the "watershed" policy has been in force (theoretically) for nearly 20 years.

No, the reason, surely (borne out by the numberless other examples which could have been chosen instead of *Malice Aforethought* which, incidentally, happens to be superbly entertaining), is that broadcasters are assiduous in paying lip service to the ideas of monitoring, limiting, and even reducing the amount of violence on television, but unobservant to the point of Nelson's eye when it comes to doing anything about it.

Think back over those few notorious programmes which the public are aware have been halted in the course of production, pulled out of the schedules, or in some other way banned in the last few years: as this column showed with a list giving chapter and verse 21 months ago, such material almost invariably involves God, sex and Ireland, rather than violence.

With *The Balcony* it was sex; with *Brimstone And Treacle* God and sex; with *Hang Out Your Brightest Colours* the politics of Ireland; with *Sex In Our Time* it was more sex; with *South Of The Border* Ireland; with *This Week's* edition about the Amnesty Report it was Ireland again, and so on.

In contrast only three instances come to mind of action taken during the whole of the last decade over violent programmes, and even they fade in significance when you study them. First, the extremely violent *Big Breadwinner Hog* was moved from peak time to a later evening slot. Next, Brian Phelan's BBC play *Article Five* was banned, but some of us who have seen it feel its torture sequences offended more under the "Ireland" heading than the "violence" category; certainly more violent programmes have been broadcast. Third, Roy Minton's play *Scum* was banned last year, but again the main reason seemed to be other than violence—this time the supposedly misleading picture of a Borstal.

Now we are told that the *Dukes of Hazzard*, currently broadcast at 9.00 pm on Saturdays, is to lose its peak time slot to *The Rockford Files* and the main reason is said to be that although *The Dukes of Hazzard* is mild in terms of human violence, it does feature the destruction of a lot of property — particularly cars. And the Revised Note says:

"The recent clamp-down in the United States on the portrayal of violence affecting human beings has led to the injection of action and excitement through destruction of property. Cars are no longer just driven over cliffs; they are seen to fall onto rocks and burst into flames." (Did you *ever* see a film or television programme of a car going over a cliff without also seeing it crash and burst into flames? Nor did I. The Note adds that this "hardware violence" is "merely a substitute for direct man to man violence and such acts of violence should not be introduced to compensate for a lack of quality in the writing."

Personally I would far rather watch good stuntmen smashing cars to pieces than good actors smashing one another to pieces, no matter how good or bad the writing. In any case, though, *The Dukes of Hazzard* is not actually being banned. In fact 10 years' careful watching of both the television screen and the television organisations suggests to me that the likelihood of any violent action leading on its own to a ban is very very slight.

Hywel Bennett in 'Malice Aforethought'

Suppose, however, just for a moment that in place of that violent, symbolically phallic, death-dealing scene in *Malice Aforethought* illustrating unpleasantness and hatred, the penetration had instead been a literally phallic and life-making moment of pleasantness and love. Is there a single reader who believes that if the piercing had been amorous instead of murderous the BBC would have hesitated for an instant before banning it?

Anyone with doubts should consider the fact that during the very week when the *Malice Aforethought* scene was being transmitted twice, steps were being taken inside the BBC to ensure that a shorter drama called *Solid Geometry* should not reach the screen, and the primary reason, according to producer Stephen Gilbert, director Mike Newell, and writer Ian McEwen is: "The appearance on screen of a preserved penis in a specimen jar." Never mind the real thing —even the pickled variety is enough for a ban.

Having read the script I am not entirely sure about the relevance to the main plot of this old biological curio which itself forms a sub-plot. I am absolutely sure, however, that I would rather watch this adaptation of a very original short story by one of Britain's most highly acclaimed young authors (the book containing *Solid Geometry* won the 1976 Somerset Maugham Award) than go on watching more of the stabbings, pistol-whippings, poisonings, groin-kickings and jaw-sockings which pour from the box, ITV as much as BBC, within and without children's programmes, code or no code, revision or no revision.

Yet none of the foregoing (believe it or not) is to suggest that where violence or anything else is concerned I favour more controls, more bannings, more imposition of the tastes of the minority on the majority or even the opposite. As few as three channels of television should be enough to ensure that all minorities are satisfied at least occasionally. Experience and the ratings prove that millions of quiet, mild, law-abiding viewers get some sort of satisfaction—be it cathartic or whatever—from programmes about violent cowboys, soldiers, gentlemanly murders and so on. Let them (and us when we choose) have violence.

But so that we can avoid it, and anything else when we want to, let us all be forewarned, just as the Revised Code urges that we should be—though for reasons known only to themselves the BBC restrict this urging solely to "purchased programmes," i.e., old movies. ITV have recently made similar recommendations.

Let us do away with the hypocrisy which makes a great noise about curtailing violence while doing nothing of the sort, but—with very little noise indeed—ensures that the ethics of the prude, the immature and the fearful curtail the choices offered to all of us when it comes to God, sex and Ireland on television.

ICA

Alvin Lucier

by RICHARD JOSEPH

It's not easy to report on an event that was not so much a concert as a demonstration of musical research. The works of Alvin Lucier, presented by the composer assisted by Stuart Marshall on Sunday night at the ICA, belong to a well-established transatlantic tradition of experiment. As in the wilder works of Cage or Ives, the invention is concerned with providing a unique conjunction of elements: in this case not only musical, but technical as well. Lucier's chief interest lies in using the software of current technology in unpredictable yet intrinsically musical ways. The sense of exploration and discovery inherent in his work stems from his ability to endow these technological objects with a sense of imagination.

Clocker, the second work in his programe, is a good example of this attitude. The rhythms of a ticking clock are syncopated or shifted by a digital delay system, which stores the clock-ticks and replays them when triggered off. Simple enough. But the trigger is an unpredictand and characteristically Lucierian element; a performer with a pair of lie detector electrodes attached to his fingers, which respond to the changes of his emotional states, thereby triggering the delay system. The performer's thoughts and responses become the initiator of a musical process in a completely unconventional way.

One could evolve a set of imaginative references from this configuration of objects, sounds and people: the ticking clock, the lie detector used as a cue for a musical process, the nagging curiosity about just what the performer (in Sunday's concert, the composer) is thinking in order to trigger off the system. The unpredictable is invited to happen, because the performer exercises a musical role yet is never capable of complete control. And in quite another respect, it is interesting to observe the result of a composer's being given a lie detector test—which any musical performance, in some respects, is.

The other works on the programme were chiefly concerned with acoustics. *Directions of Sounds from the Bridge* was a demonstration of the resonant properties of a cello. *Bird and Person Dyning* presented a more complex interface between a twittering electronic bird, the difference tones of acoustic feedback and a musician whose position in the room influenced the relative pitch of the feedback and the location of the sounds between a set of loudspeakers.

Lucier's presentation seems deliberately aimed at creating an atmosphere of mystery. The programme notes are not detailed enough to enable one to guess what is going to happen (which is all to the good), yet the performance itself is not completely explicable without additional information. His work is not encoded in any set way—there are few scores to consult—so it relies on the present tense, which concentualists now apparently prefer to call Real Time, to make its points. In this and in its other essentials, Lucier's invention is undoubtedly more musical than anything else.

Festival Hall

Gilels by DOMINIC GILL

There were many weird and many beautiful things in Emil Gilels' piano recital on Sunday afternoon. In the first half, the beautiful predominated; by the end, the weird had gained the upper hand. But all of it, even the weirdness, was masterly.

The best was no less than sensational: in the four little-played, and much-underrated, Schumann *Klavierstücke* op.32, an almost superhuman self-possession and command — the Romanze of the third a magical study in top-note cantabile, the accompaniment *mezza voce*, alive with flashing colours; mastery, too, in the tiny *fughetta* of complex inner polyphonies, darkly crowding, and of Schumann's own strange and arresting pedal effects.

Serkin gives the first of Brahms's four Ballades op. 10 as a smoky, autumnal reverie; Michelangeli, as a vial of delicate, crystal colours. Gilels' was quite different from either, more outspoken, poignant, an epic lament, endlessly sad. (It was a nice idea to insert a leaf in our programme containing the words of the original literary inspiration for that first Ballade: though for those unfamiliar with the look of it, transliterated Scottish dialect can take some puzzling out— "and quhy sae sad gang zee, O?" indeed.) The little B minor Intermezzo was a single shaft of sunlight in an otherwise very sombre reading, dark and melancholy: at one point I suppressed an irreverent wish that the cloud might break just once, and some ray of quick Cherkasskian levity shine through.

To introduce his all-Chopin second half, Gilels chose the most sombre of all Chopin Polonaises, the C minor op.40 no.2—austere and wintry prelude to the first movement of the B minor sonata, whose *maestoso* qualification he interpreted not only literally but with a vengeance: at the slowest possible tempi, and still slower, the music all but ground to a halt, frozen in slow-motion caricature. That first movement I found so slow, and so mannered, as to be nearly unrecognisable. The scherzo suddenly sounded normal, fast and sparkling, flickering with fire; but in the largo, lugubriousness returned. And not lugubriousness merely: to desynchronise the cantabile melody to such an extent from its accompaniment is not only affected but of a vulgarity that not even the worst excesses of salon pianism would countenance. The finale was fast, but for all its brilliance curiously deliberate, a dream recalled with difficulty, its focus never quite clear. Strange recital: strange dream.

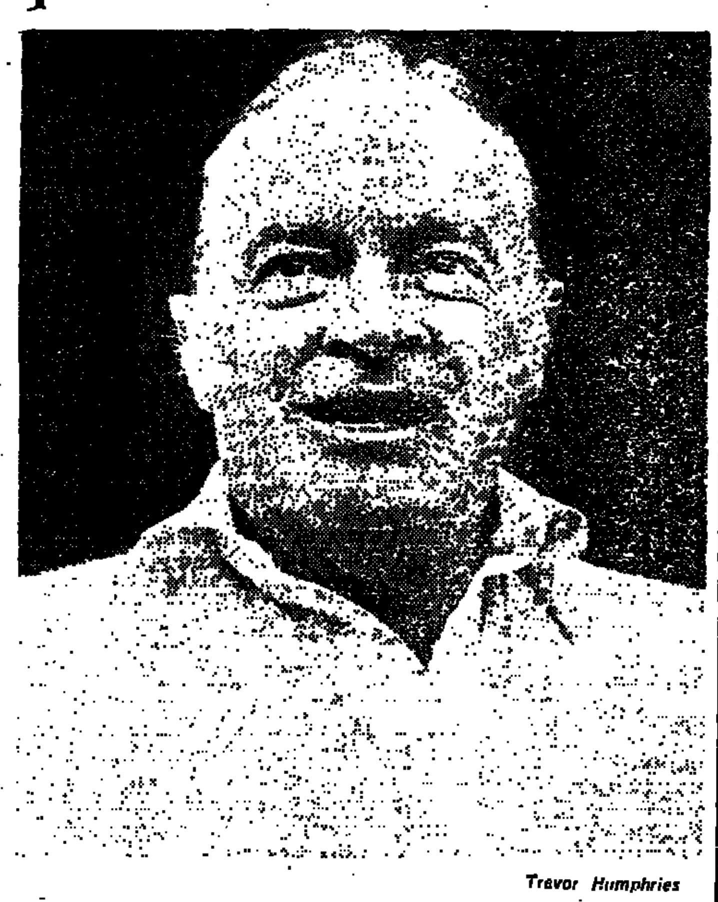
Palladium

Bob Hope by MICHAEL COVENEY

Bob Hope returns in a solo act to the Palladium after 26 years and, despite the uneven effect of reading half his material off an illuminated cue card in the pit, confirms his status as the best gag-spinner in the world. Not the best comedian, but the best wisecracker, with a deceptively accomplished back-up technique of slow burns, fades and looks that talk.

He sidles on like a spruce, slightly over-weight stork, leading with the beak but, despite a few occasional flaps, never quite taking off. The wit is conciliatory ("I've never turned down a Command Performance—I still have relatives living in this country"), resigned ("At 75, I gotta watch myself—it's too exciting to watch anyone else"), rarely vicious ("You have to fly British Airways when you come to England or else Morley'll come and sit on your house") and frequently redneck ("They're legalising homosexuality in LA—I'm getting out before it's compulsory.")

With that timing, that style and that whole career behind him, you can't help loving the fella, which is what the house did on Monday. Not, however, without letting Mr. Hope know that ethnic jokes do not travel; his Polish remarks are a British comedian's Irish. When the humour has a visual punch, the effect is miraculous, such as the tale of a neighbour on a pacemaker who, whenever he makes love, "opens my garage door".



Trevor Humphries

Mr. Hope is nothing if not restful, which virtue was doubly welcome after the hectic, metallic row of a black singer, evidently well known from *Roots*, called Leslie Uggams, who occupied the first half. Not all Miss Uggams's fault: the Palladium management persists in its crude way with amplification, conspiring to provide a terrible noise punctuated only by such appalling banalities as Miss Uggams's astonishing claims that (a) Stevie Wonder is today's Fats Waller and (b) *Roots* has had a profound effect on everybody's life. You could have fooled me, but maybe Messrs. Wonder and Haley are too busy counting the shekels to care.

New production of Sartre play at Leicester

The Haymarket Theatre, Leicester, is to present the world premiere of a new translation of Sartre's play *Les Mains Sales* under the title of *The Assassin*. This will be the first time that Sartre's play has been seen in the UK since 1948 when, despite its enormous popularity, both here and on the Continent, Sartre forbade its further production as a protest against its gross misinterpretation for political purposes.

Frank Hauser's new translation has encouraged Sartre to allow the work to be presented again. Directed by Michael Meacham the production will feature Robin Sachs as Hugo, Jon Laurimore as Hoederer and Heather Sears as Olga. It runs at the Haymarket from April 4-21.

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Wednesday March 28 1979

Cynical to the end

IT IS still just possible that the Government will survive tonight's motion of no confidence in the House of Commons. The coalition of forces required to bring it down is such an unlikely one that the result must be in doubt until the last minute. Apart from the Conservatives, it consists of the Scottish Nationalists, the Ulster Unionists and the Liberals. None of these smaller parties have been exactly consistent in their voting habits in the past; nor is it clear that their leaders can control their own troops, such as they are.

Epitaph

It is also true that the Government is living up to its recently acquired reputation for cynicism to the last. Measures to compensate the Welsh slate quarriers for respiratory disease may be admirable in themselves. Indeed they were promised in the Queen's Speech last November. But it is the manner in which the Government is now trying to push them through that sticks in the gullet. The obvious question is why, if the Government believes in compensation for industrial diseases, it has waited till now to do something about it. In principle the question differs not one jot from that posed by the Prime Minister's statement on devolution last week: why, if the Government believes in the need for all-party talks on the subject, did it not propose the idea before? The answer is that we now have a Government that is no longer capable of thinking beyond the next few days. If survival depends one week on buying the Ulster Unionists and the next on doing a deal with the Welsh Nationalists, the Government will try it.

That is no way to run a country. Nor, we would suggest, is it any way to run the Labour Party, which used to be known as the party of conscience and the party of ideals.

Yet even if the tactical manoeuvrings succeed once more and the Government survives tonight, the irony is that the problem could arise again and again. Mr. Callaghan's administration will be remembered as one whose latter stages were marked by a readiness to grant favours to allcomers provided that it could remain in power. That at least will be the general impression. Mr. Callaghan's premiership used to deserve a better epitaph.

Way out

In the circumstances there is only one honourable way out. The Prime Minister should declare—preferably during the course of his speech this afternoon—that if the no confidence motion fails, he will go to the country shortly in any case. It would have been better if he had made such a declaration after the Scottish and Welsh referendums four weeks ago instead of playing for time. But the chance to retrieve some dignity is still there if he takes it now.

The most obvious date for a General Election, in the event of a Government victory tonight, is June 7, the same day as the elections to the European Parliament. We have said before that we do not much like the idea of conducting the British and European campaigns simultaneously for the simple reason that the issues would tend to become confused. Yet the alternatives are not very attractive either. One is that the British electorate might be asked to go to the polls three times in the course of a few weeks—for the local elections on May 3, for the European elections on June 7, and for the General Election either in between or shortly afterwards. The worst alternative of all is that Mr. Callaghan should attempt to hang on until October.

Disrepute

It is to avoid that alternative that we hope that Mr. Callaghan will give us a firm indication of an election date in his speech today. He may still lose the vote tonight, in which case there can be an election within a few weeks. But if he does not, what is needed is an assurance that the period of doing deals with the smaller parties in order to survive is coming to an end. We know what the Labour Party stands for, or at least we used to. The Government can fight an election on its record. Mr. Callaghan is in danger of bringing both the Party and the Government into disrepute. There is, in effect, no government left.

A preview of crisis

THE MODERATES have had rather the better of the argument. Saudi Arabia has not yet made clear its policy on a surcharge on crude oil, nor have the United Arab Emirates. The other producers will raise prices by 18 per cent for the time being. It may appear extraordinary to describe this outcome as a victory for the moderates, but it is a fair summary of the outcome of the OPEC meeting in Geneva. It is bad news: it will add about one per cent to already rising inflation in the West, and reduce already faltering growth by perhaps the same amount. It could have been much worse, though. The more militant members wanted a bigger price increase, backed by an agreement to restrict production. There is no firm production agreement, and half the present increase is in theory temporary.

Restraint

The fact that Saudi Arabia still seems to have exercised some restraining influence on the day after the signing of the Egyptian-Israeli peace treaty is somewhat reassuring, both in the context of future oil supplies and in the context of Middle East peace; the fact that the restraint has been far less effective than on some occasions in the past is a warning in both contexts. The Saudis not only feel considerably less friendly towards the U.S. and the West in general, but their domination of the oil market is far less effective than it once was. Since the Iranian crisis, it has no longer been true that the Saudis could virtually determine the level of oil prices by the level at which they chose to set their own production. They have recently been producing near the limits of their installed capacity, and that has not been enough to prevent acute pressures in the market.

Because the Iranian crisis has been the immediate occasion of the present rise, some people may be tempted to hope that the crisis will go away as Iranian production is resumed, and that prices will now stabilise. This is altogether too facile. The market was already becoming somewhat tight before Iranian production collapsed, and the growth of demand in consuming countries would certainly have produced a crisis of this kind within a year or two.

Since relations with the main producers have now cooled, and potential large producers of the future, such as Mexico, show no inclination to rush into production for the benefit of their industrial customers, it is quite certain that similar shortages, and similar price jumps can be expected in future if oil demand continues to rise in the same way whenever activity picks up.

What this means is that unless oil consumers can alter their behaviour, the future growth of output in the industrial countries will be constrained by oil supplies. Any coincidence of growth peaks in the major countries, or any unusually hard winter, will produce the same kind of stagflationary shock which we experienced in 1974, and are going to experience again on a smaller scale. The appropriate response, as the EEC Energy Commissioner, Count Guido Brunner, pointed out yesterday, is to produce an effective energy policy.

The fact is that we have not yet learned the lessons of 1973, and our education is likely to be repeated painfully until we do. In Europe it is at least true that oil and energy prices have been set at a level which has somewhat slowed the growth of consumption in relation to real income. In the U.S., not even this has been achieved. Low prices still encourage real extravagance.

In this respect we may even come to regret the "moderation" displayed yesterday. It is not yet clear what it will take to shock Congress into a realisation of the vulnerability the U.S. is incurring by its short-sighted policies. The Americans compound the economic folly of suppressing realistic price adjustments — always more dangerous and more inflationary in the long run than permitting them—and the strategic folly of increasing dependence on unstable and potentially unfriendly suppliers.

Overdue

Britain will be equally short-sighted if it is imagined that our North Sea resources exempt us from the effects of general oil scarcity. What is bad for our export customers is bad for UK growth: what is bad for world prices is bad for UK inflation. The rise in Government revenues from oil will make it somewhat easier for a time to cut other taxes, and that is all. A national strategy to make the most of this windfall, and prepare for the day it runs out, is as overdue here as an energy policy in the U.S.

Decks almost clear for a SALT 2 treaty

By REGINALD DALE, European Editor

THE U.S. and the Soviet Union have been "on the verge" of concluding a new treaty (SALT 2) curbing the build-up of their strategic nuclear arsenals for more than a year. Both have repeatedly stressed their desire for an early agreement in the interests both of promoting detente and of avoiding the expense and uncertainty of a major new arms race. Yet the final goal, however near it has sometimes seemed since the first SALT 1 Treaty expired in October 1977, has so far persistently eluded them.

The reasons are not hard to find. In the first place, some of the most controversial and technically complex issues, as in most international negotiations, have been left to the last. Secondly, both Washington and Moscow need to agree that the political conditions are right for staging the Carter-Brezhnev summit at which the treaty is to be formally signed.

There was no question, for example, of President Brezhnev going to Washington earlier this year in the wake of U.S. recognition of China. Subsequently President Carter has been absorbed in the Middle East peace talks. Now that the Israeli-Egyptian Treaty has at last been signed, Mr. Carter will certainly be aware of the attractions of following it up fairly rapidly with another example of successful high-level diplomacy.

Outstanding issues

Senior U.S. officials now take the view that the most important piece of the jigsaw still to fall into place is the political decision by the Kremlin to go ahead with the summit. At technical level, agreement has been reached, or is near, on all the outstanding issues that have bedevilled the negotiations in recent months. Even the problem identified by U.S. experts as the biggest remaining difficulty of substance—the definition of "new types" of missile —now appears closer to resolution following a recent Soviet compromise proposal. The long delayed summit could, it is thought in Washington, finally be held sometime next month.

Certainly the U.S. political process is going ahead as if a treaty were now virtually in the bag. In Washington, advocates and opponents of the Treaty are drawing the battle lines for a contest over its ratification that is likely to dominate the political scene for most of the rest of the year. Recent weeks too have seen the beginning of a drive by the Administration to enlist West European support—first, at the political level, during the four-power Guadeloupe summit in January, and more recently through the despatch of senior American officials to Europe to persuade a wider range of opinion. Although the NATO partners of the U.S. were not directly involved in the negotiations between the two super-powers, it will clearly help the Administration's case for ratification if it can show that they approve the outcome.

Broadly speaking, the case that the Administration will be arguing is that SALT 2 underpins the continuing deterrent power of U.S. strategic nuclear forces and maintains the concept of "stability"—meaning that neither side would gain an advantage by the use of nuclear weapons. The treaty, the Pentagon argues, confirms what has come to be known as essential strategic equivalence between the super-powers. Without it, according to one senior Pentagon official, the U.S. would need to increase defence spending by twice as much as its current target of 3 per cent a year, forcing a major diversion of funds from other policy priorities. The ensuing arms race would simply mean a senseless increase in the enormous overkill capacity that both sides already possess.

Supporters of the treaty argue that the sort of reduction of Soviet nuclear forces that it provides for can only be achieved by mutual agreement. The limits set for the number and destructive power of nuclear warheads at the very least give the U.S. some sort of guide on which to plan for the future. It is not denied that the U.S. will have to make a major effort during the period of the treaty to maintain the overall balance that it aims at.

At the political level, the treaty may not usher in a new era in U.S.-Soviet relations, but a rejection by the Senate could have profound and unpredictable consequences for the super-power relationship.

Against this, opponents of the treaty claim that by concentrating on limiting the numbers of missiles and other weapons on each side, the U.S. negotiators have done nothing to prevent a massive increase of the quality and destructiveness of Soviet weapons in the years ahead—just as Moscow continued its massive build-up during the period of the 1972 SALT 1 agreement. Far from maintaining the balance, its more hawkish detractors say, SALT 2 freezes the U.S. in a position of strategic inferiority.

Defenders of the treaty in the Administration claim that hitherto they have been severely handicapped by the fact that the 90-page text cannot be published until it has been signed. They are thus unable to use chapter and verse to refute the arguments of their opponents. It is true that details remain classified in many sensitive and controversial areas—restrictions on the Soviet Backfire bomber, for instance, and the whole question of verification. But the broad outlines of the agreement have been public knowledge for some time.

The bulk of the agreement is contained in the treaty itself, which will run until December 31, 1985. This initially limits each side to 2,400 strategic nuclear weapons, whether land, air, or sea launched. That total is subsequently to be reduced to 2,250. The Soviet Union, but not the U.S., will have to dismantle 250 to 300 systems, probably by the end of 1981, to conform to the limits.

There will be a series of sub-limits specifying maximum levels for various types of weapon (see chart) and neither side will be entitled to introduce more than one type of new missile to replace obsolescent systems.

Attached to the treaty there will be a protocol, expiring in the early 1980s, setting limits to the deployment of mobile missiles, land-based rockets that are moved around a series of different launching sites, and Cruise missiles, the land-hugging pilotless drones designed to fly under air defences. Thirdly, there is to be an agreed set of principles for the conduct of the next round of strategic arms negotiations (SALT 3).

The provisions of Salt 2 do not directly involve Europe, in the sense that they only cover long-range strategic weapons based on the territories, or the ocean-going submarines, of the two super-powers. U.S. negotiators take considerable credit for having resisted Soviet attempts either to include the British and French deterrents as part of the overall American total or to compensate for them elsewhere in the agreement. Nevertheless there are a number of major reasons for concern in Europe.

One specific fear has long been that the U.S. might bargain away the right to transfer Cruise missiles technology to its allies as part of the overall package deal with the Soviet Union. On this the Europeans now feel much reassured. While the Americans have agreed, at Russian insistence, not to "circumvent" the treaty via "other parties," they have rejected Soviet demands that transfers of Cruise missile technology be specifically ruled out. The Administration has on several occasions publicly stated that this lets it continue co-operating with its Allies in modernising Nato nuclear forces. It admits that Moscow may vigorously object and that the solution represents a compromise, but it plans to go ahead anyway if European countries decide that Cruise missiles are essential for their future defence.

A related and more serious European anxiety is that the 600 km range limits on ground and sea-launched Cruise missiles contained in the protocol may be prolonged when the protocol expires, negating most of the effectiveness of Cruise. The Administration's answer is that the protocol provisions, which also affect deployment of the planned new U.S. mobile missile, the MX, are not going to be extended without full consultation in the alliance and the approval of Congress. It is virtually certain, however, that Moscow will bring severe pressure on the U.S. to extend the protocol.

An even more fundamental worry concerns the continuing credibility of the U.S. nuclear umbrella over Europe. It has not escaped the notice of Europeans that SALT 2 does nothing to alter the high probability that the American land-based Minuteman missile force will become vulnerable to a Soviet first strike in the early 1980s—before the MX can be deployed. This raises the question of how far Washington would be prepared to use, or sanction the use of battleground nuclear weapons to defend Europe against a conventional attack—in the knowledge that its main ICBM force could be wiped out in retaliation.

Even those in Europe who believe SALT 2 can ensure strategic super-power equivalence are far from fully reassured. The fear, particularly strong in West Germany, is that a balance at strategic level will only serve to point up still further imbalances at other levels, whether conventional, or nuclear. If "stability" means that neither super-power will attack each other's territory with strategic forces, what is to prevent the Soviet Union using local superiority in the European theatre for an attack on Western Europe? In addition to its vast conventional superiority in Central Europe, the Soviet Union is rapidly reducing the West's advantage in theatre nuclear weapons, hitherto seen as the primary deterrent against a conventional attack.

European unease, again particularly in West Germany, is made worse by the growing strength of Soviet intermediate range nuclear weapons, especially the SS-20 mobile missile and the Backfire bomber, now targeted on West Europe (and China in the East). There is no counterweight to them on the Western side. This raises a major dilemma. If, as few Western strategists would favour, the West tried to match the Russian intermediate systems with weapons of its own based in western Europe, it might give the impression that a tit-for-tat exchange could take place in Europe without triggering the U.S. strategic deterrent. If, on the other hand, the West does not match the Russian weapons, it deprives itself of a potential bargaining counter for negotiating their removal in future arms control discussions and increases the danger of "nuclear blackmail." An offer not to deploy new (as yet non-existent) weapons in exchange for dismantlement of the SS-20s, as some have advocated, is unlikely, on past experience, to be taken very seriously in Moscow.

What seems most likely is that the West will decide that some counterweight is required to the SS-20, though falling well short of a one-for-one matching of the Soviet weapons. The possibilities include Cruise missiles, an extended range version of the American Pershing, already deployed in Western Europe, and, in the longer term, a completely new medium-range ballistic missile.

But where would such systems be based? West Germany is adamant that it will not be the only country to accept new nuclear systems, albeit American-controlled. But it is difficult in the present political climate to imagine any other NATO country welcoming them on their territory. President Brezhnev has already publicly indicated that the Soviet Union will launch a propaganda drive against new weapons along the same lines as the successful Russian campaign against the neutron bomb. NATO planners are hoping to defuse opposition by stressing that all that is involved is the "modernisation" of NATO's existing nuclear armoury, an approach that is perhaps too obviously disingenuous.

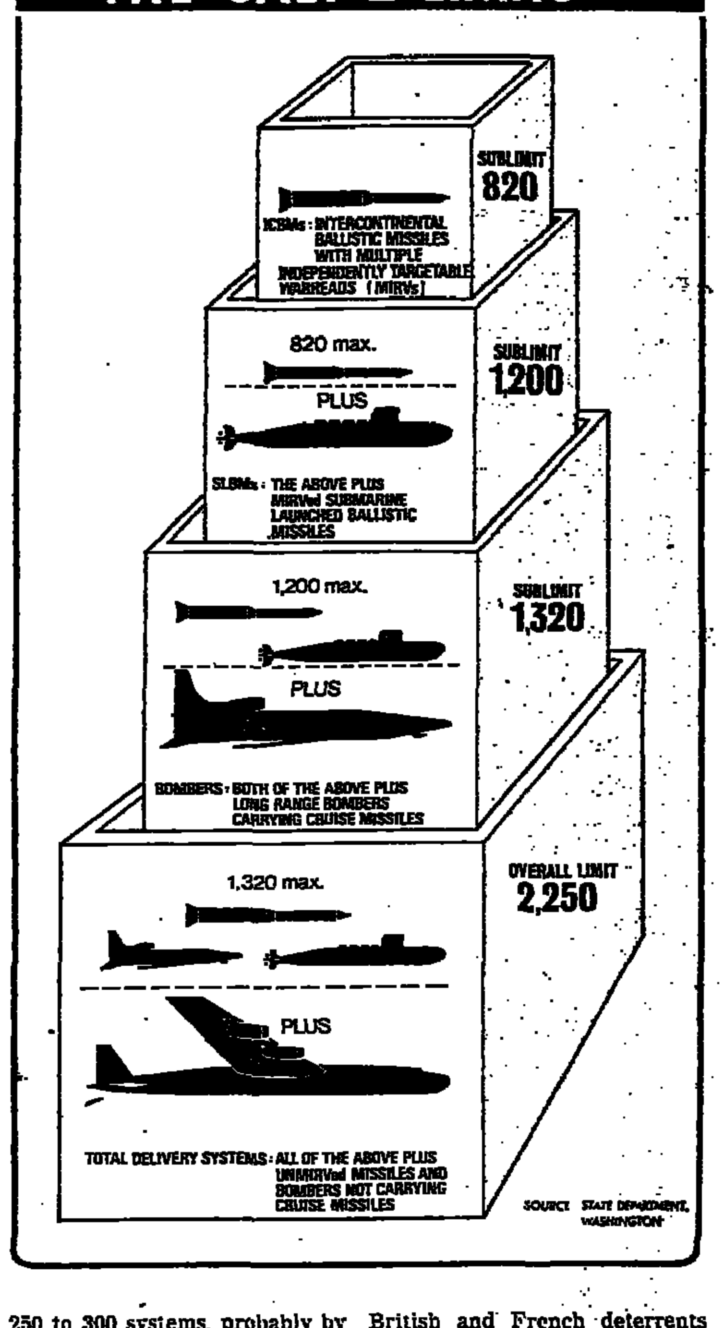
The discussion of these issues will intensify in the months ahead as SALT 3 looms closer. SALT 3, unlike its two predecessors, is meant to cover weapons based in western Europe targeted on the Soviet Union and those in the Soviet Union capable of striking western Europe. Moscow will insist more strongly than ever on counting in the French and British deterrents. It may be that the Europeans will conclude that without a counterweight to the SS-20 and the Backfire they cannot negotiate a reasonable deal with Moscow. France has in any case firmly declined to participate.

Closely knit framework

If the other European allies want to be involved, a new, more closely knit framework will have to be worked out for consultations with Washington. Ideally, from Washington's point of view, the Europeans will find some way of speaking with one voice, or at least fewer voices than in the past. One of President Carter's aims at Guadeloupe was to explore such new channels.

It is high time, Washington believes, that the Europeans began concentrating more sharply on the problem. SALT 3 will be getting under way as soon as SALT 2 is ratified. One of the American envoys now touring Europe to promote SALT 2 is to press this point home. As one of them recently told a European audience: "We don't have time to flounder around endlessly."

THE SALT 2 LIMITS



MEN AND MATTERS

Making peace in West One

While the headlines celebrate the new-found concord of Egypt and Israel, it looks as if it will be some time before their ambassadors in London get round to even meeting properly. The Egyptians are quite certain that their man Samih Anwar, has never even seen his opposite number; but Israeli diplomats assure me their ambassador, Abraham Kidron, once shook hands with him outside the office of David Owen. "It was really nothing spectacular."

Anwar was appointed in 1975, nearly two years before Kidron, and protocol would, therefore, demand that the Israelis make the first move. But no one is hurrying. Israeli sources said the Foreign Ministry had not encouraged an immediate move: "If the Egyptians would like to make some signal then we would be delighted. On the other hand we would not like to press them. We understand their sensitivity."

"It's in the best interests of both of us to keep things quiet," an aide at the Egyptian Embassy told me. He appeared to rule out signals of any kind being made in the immediate future, although Lord Janner, chairman of the British-Israel Parliamentary Group, yesterday called on the Egyptian Ambassador for a talk he described as "most friendly." Janner is also president of the Zionist Federation of Britain and Ireland.

Both sides are speculating on how things will develop on the diplomatic cocktail party circuit. The Egyptians, particularly, are no doubt disturbed by the thought of receiving the same treatment—a turned back—as is regularly meted out to Israelis by Arab diplomats.

Yesterday, Anwar took a break from pondering such knotty problems—by watching a soothing film about Tutankhamen.

"This should do the trick—it's their wages"

Aerial defence

Concerned to appear democratic, or perhaps, impartial, or not really responsible for what may follow, the U.S. Air Force is conducting a survey into whether servicemen should be permitted to carry umbrellas.

Curious as it might sound, this question has been exercising military minds for some time. Last November the air force told its 1,700 uniformed employees at the Pentagon they could arm themselves against the weather, provided their weapons were blue-or black and not flashy.

A questionnaire has now been sent to these brollyferous persons, soliciting their opinions about whether they have experienced any special problems saluting, or feel the new style detracts from the "combat-ready image."

The replies are to be fed into a computer next month and quite what may emerge is not clear. But Senator William Proxmire, self-appointed scourge of public waste, has already awarded the $3,000 survey this month's Golden Fleece Award.

Status symbol

Even if Britain has not done too well lately at increasing actual output, at least we can claim to lead the world in extending the concept of productivity—the feeling that we are all in the national struggle.

Take, for example, the advertisement seeking a new area secretary in north-west England for the Electrical Power Engineers' Association. The post offers a salary of up to £8,436—with more in prospect, plus a car allowance. Part of the money, explains the advertisement, is that fashionable device for giving the lads a little extra, the "self-financing productivity bonus."

I telephoned John Lyons, general secretary of the association—which, is of course, a trade union. How was the new area secretary going to finance part of his salary by extra productivity? The work was described as addressing meetings, presenting wage claims, conducting committee meetings: so would he be talking more, bargaining harder, drawing up longer agendas?

Lyons was not well pleased with these innocent questions. After some silence he said: "I'm just staggered." He then asked to talk off the record.

When I said I should like to try it on the record, he rather tersely explained that all power engineers got a self-financing productivity bonus; if the person appointed came from within the industry, he would not like to be without one. While I was pondering on the semantics, Lyons rounded off our talk by revealing his own sense of deprivation: "But I don't get one."

Beyond a joke

Roy Hattersley, the Prices and Consumer Protection Secretary, is behind the most mystifying Press announcement for many a year. This tells all importers, wholesalers and retailers of "novelties" that he proposes to make an order banning any article "designed or intended to afford amusement to any person by causing discomfort to any other person." There then follows a description of exemplary vagueness, ten lines long, about the nature of these articles.

Hattersley's department was as guarded as the announcement, but just a hint was dropped that some new kind of stink bomb might be involved. So a round of joke shops seemed likely to put me on the scent. They were not helpful. A manager in Kensington said he had been selling stink bombs for 20 years, the stink had never changed, and he was not going to tell me where they came from in case I was really somebody trying to get into the joke shop business.

Finally, at a joke shop near the British Museum, I ran the quarry down. There have been consignments of small teargas bombs coming into Britain from West Germany. They are of the type, I was told, "which white people use in South Africa to protect themselves against the Africans."

The man near the British Museum had his own views as to why there was an anxiety to ban them: "Students might start buying these things to use in demonstrations."

Mimic mushroom

While the U.S. is having trouble with keeping atomic bomb recipes out of print, the Chinese are showing the way to making imitation A-bombs from bamboo and old iron. This handy item has been devised by Squad Leader Meng Tieyun, of the "Hardbone Sixth Company" of the People's Liberation Army.

During a training programme, Meng set off his "bomb" which was stuffed with bazooka explosives. Says Peking Radio, it gave off "electron radiation, heat waves, and a gloomy mushroom cloud." The Hardbone fighters were suitably impressed.

Observer

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FINANCIAL TIMES SURVEY

Wednesday March 28 1979

Spanish Banking and Finance

Following the outcome of the recent general elections, there has been a new surge of relief and confidence among Spain's business community. Important changes are also taking place in the Spanish banking and financial system, since the State is trying to be less interventionist.

ısiness mate much ıproved

obert Graham

Correspondent

A sudden switch from to summer, the climate ın's business opinion has d. The atmosphere of ıinty and pessimism so before the March 1 elections has been rmed by the result. relatively strong showing Adolfo Suarez' Union de Democratico (UCD) ne as both a relief and a e. Although UCD has 68 seats in the Lower eight short of an abso- ıjority, Sr. Suarez will be govern and almost cer- without directly incor- g any of the minor . It is this prospect—of a government headed by a quantity in the form of going premier Sr. Suarez t is at the basis of the of confidence.

the first time since the before the death of Franco in 1975 that the ss community has shed at part of its residual fear Spain's future political y. In the first democratic elections of June 1977 it was notable how a large section of business, especially the big banks, did not support UCD and Sr. Suarez.

Instead, they chose to see the country's future in the hands of one of the heirs of the Franco days, Sr. Manuel Fraga and his Alianza Popular (AP). This time this vote went largely to Sr. Suarez and UCD, resulting in the disastrous showing of Sr. Fraga's electoral alliance, Coalicion Democratica.

Precisely because the business community staked its future on Sr. Suarez' success it was the most nervous about the outcome. At one stage during the campaign it was feared that the Socialists might win, and, despite the mild campaign platform, would immediately embark on a programme that directly attacked the privileged position of capital.

One of the share prices to rise quickest the day after the election result was that of the utilities. The sole nationalisation foreshadowed by the Socialists had been that of the high-tension electricity power lines.

But this was seen as the beginning of an attack on the utilities themselves, one of the citadels of traditional Spanish capitalism in which all the major banks and prominent families have shares. So there is a strong element of relief behind the front of confidence.

Even discounting this, it is significant that the Doomsday philosophies on Spain's stability are being shelved by this vital section of the community. In the surveys on Spain written over the past 18 months a recurrent feature has been the lack of business confidence.

The election results do not mean that Spain will show a quick pick-up in private investment and the worst of the recession is past. Simply, the business climate has improved to a point where the Government in drawing up its economic strategy can count on greater enthusiasm from the private sector.

In fact, to be realistic, none of the problems has been solved. Solutions to the fundamental issues of inflation and unemployment have been made more difficult—and certainly delayed — by the long period of politicing.

All last year the economy, officially designated as the priority, was subordinated to elaboration of a new constitution. This was no sooner out of the way last December, overwhelmingly endorsed in a referendum, than Sr. Suarez opted for general elections. This decision had two side effects.

The possibility of a renewal of the Moncloa pacts disappeared. This package of political and economic measures agreed in October 1977 by all the major parties as a form of social contract had been the umbrella under which all government policy had been conducted. New wage negotiations were thrown to the employers and the trades unions with the casualness of an owner tossing a bone to his dog.

A wage ceiling of 14 per cent was imposed by decree. But it was half-heartedly done, the government realising that the sole sanction was the unions' desire not to appear irresponsible to the electorate with an election in the offing. The unions, however, felt obliged to make a stand in the first set of negotiations they had conducted on their own. The employers for their part felt obliged to protect their balance sheets.

So Spain over the past three months has seen widespread industrial action in every sector and at least 15 per cent of the wage agreements so far concluded either directly or indirectly infringe the norm — including that for the state railways which was one of the first.

The second effect of Sr. Suarez's decision was to put everything in abeyance. All Government decision-making ground to a halt. The Government's macro-economic projections for 1979 and the Budget ceased to be taken seriously pending the conclusion of the general elections. This timescale has been extended one further month by the holding of the municipal elections.

Even though a new cabinet is expected to be announced in early April, Government programmes will not be fully reassessed and the administration functioning properly until the beginning of the third quarter. So Spain will have lost six months of valuable time in return for gaining four years of reasonable political certainty.

To what extent this will prove to be a short-term loss against a long-term gain remains to be seen. The best one can say is that the long-awaited recovery in the economy has been postponed yet another six months, increasing the already serious cash-flow position of industry. But the atmosphere has now been created in which when the recovery occurs it will stand a better chance of taking root.

At present, industrial inventories in many sectors are as low as at any time in the past three years and housing starts continue to decline. Industrial capacity is only 80 per cent used. An important element of this is sustained by exports, which continued in 1978 to sustain dynamic growth of 28 per cent at current prices (against a 6 per cent rise in imports).

The government's economic strategy before the elections had been to aim for a modest increase in growth, up from last year's 3 per cent to 4.5-4.8 per cent. This was based on the need to contain any further rise in the nation's unemployed.

The main stimulus here was to come from a sharp increase in public sector investment in an attempt to offset 1978's 4 per cent decline in gross investment. Ordinary budget expenditure was planned to increase 20 per cent.

By continued tight control of the money supply, keeping it at around 17.5 per cent, and pegging wages to a band between 11 and 14 per cent, it was hoped to reduce inflation from 17 per cent to below 12 per cent.

The substance of new government economic policy will not alter very substantially, based on the twin pillars of control of the money supply and control of wages. There is only a limited number of options, the principal one being the extent to which the government is willing to reflate.

But here too the government is not so free. The January consumer price index revealed that latent inflationary tendencies had again reappeared. On the basis of the figures for this month and December Spain will have an annual inflation rate of almost 17 per cent, almost unchanged and double that of the EEC countries.

Last year's achievement in cutting the inflation rate from 27 to 17 per cent was notable. Yet there was a certain sleight of hand about this. A number of important price increases, especially in the energy sector, were deliberately postponed. Meanwhile, a notable appreciation of the peseta against the dollar, the main traded currency, helped reduce inflation. Now the Government is going to be forced to increase domestic energy prices, probably across the board, in the light of the OPEC increase and in the new pressures on prices resulting from the situation in Iran.

A new round of negotiations on base agricultural prices is under way which looks like adding another annual 14 per cent to the food bill. Added to this there are doubts about the impact of the wage agreements (a) if they will force an average that is above the norm decreed and (b) if they can hold in the event of inflation continuing as it does.

Much will depend too on the position of the peseta. At present the peseta is uncomfortably strong, buoyed up by an unprecedented external position. Spain's reserves in February touched \$10.4bn. Although external debt stands at \$14.7bn, Spain has been able to accelerate debt repayments, including paying off the \$1bn Kingdom of Spain loan of 1976.

The Euromarkets are impressed by the way in which the current account balance switched from 1977's \$2.4bn deficit to a balance of about \$1.2bn at the end of 1978. This was thanks to exceptional earnings from tourism and foreign investment plus the country's export performance.

Forecast

In November and December the Bank of Spain was forced to buy substantial amounts of dollars to hold down the peseta in its semi-clean float. The authorities in fact are prepared for a modest depreciation of the peseta in the latter part of the year, and most bankers believe this will happen.

But this is based on the premise that the recovery will have begun, that imports will pick up and domestic production will have started to turn more to the domestic market. It is also a premise that suits the exporters, who would like an appreciable devaluation.

What happens if the process of recovery—financing new stocks, taking on extra personnel, expanding capacity—does not happen this year but gradually over the next 18 months?

CONTINUED ON NEXT PAGE

BALANCE OF PAYMENTS

	(1977 figures in \$m)			(1978 estimate, \$m)		
	Receipts	Payments	Balance	Receipts	Payments	Balance
Trade	10,610.9	16,831.4	−6,220.5	12,900.7	17,221.9	−4,321.2
Services	6,656.0	4,036.7	2,619.4	8,738.6	4,862.1	3,876.5
Tourism/Travel	4,020.3	534.1	3,486.1	5,344.0	567.2	4,776.8
Property	351.5	1,113.8	−762.3	561.9	1,659.5	−1,097.6
Technical assistance, Royalties...	59.0	387.4	−328.5	77.8	412.7	−334.9
Transfers	1,558.2	406.5	1,151.7	1,927.3	454.2	1,473.1
Current account	18,825.1	21,274.6	−2,449.4	23,566.6	22,538.6	1,028.4
Long-term capital	5,445.2	2,489.8	2,955.4	7,345.4	4,994.8	2,350.7
Public	1,581.9	305.1	1,276.8	1,067.5	1,311.8	−244.3
Private	3,863.3	2,184.7	1,678.6	6,278.0	3,683.0	2,595.0
Investments (a)	1,024.2	591.0	483.2	1,506.4	706.7	799.7
Loans, credits (b)	2,839.1	1,593.7	1,245.4	4,771.6	2,976.3	1,795.3
Balance	24,270.3	23,764.4	505.8	30,912.1	27,533.0	3,379.1

Source: Ministry of Commerce

SPANISH BANKING AND FINANCE II

Temporary controls become embedded

TEMPORARY INSTITUTIONS have an uncomfortable habit of becoming permanent. The Corporacion Bancaria — the "bank hospital"—was formed last February by the Bank of Spain, in partnership with all the other Spanish banks, as an expedient to take over the activity of banks in difficulties.

It was an *ad hoc* arrangement and neither the Bank of Spain nor the private banks were particularly enthusiastic about it. Since then, Corporacion Bancaria (CB) has been caught up in the logic of its own creation. Banks in difficulties have not been allowed to go to the wall because of a mixture of political pressures and considerations for the stability of the banking system.

As a result, the CB has now taken over five banks, and has begun to take root as a phenomenon of the Spanish banking system.

It is a measure of the banking system's narrowmindedness that little was done to contemplate the practical consequences of bank failures until 1977. In November that year, a decree was approved establishing a special guarantee fund for depositors to which all banks were obliged to contribute. The main provision of this decree was that all private depositors would be guaranteed immediate cover for sums up to Pta 500,000.

There is a new mood of confidence among Spain's business community following the outcome of the recent general elections. Spaniards, above, are seen outside a polling place, checking their names on the listings posted on the walls, while others stop to ask directions

Ratio

But the decree made no effort to come to terms with the broader problems created by a bank collapse. For instance, existing legal provisions were not altered so that banks remained—as juridical personae—little different from, say, a textile company in the eyes of the law.

These legal provisions only contemplated action once an entity (including a bank) had *made an application for a temporary suspension of payments.* This technical move arises when the ratio of debts to assets reaches beyond a certain level but is a step before bankruptcy.

In the case of a bank where confidence is so important, any hint of a move to apply to suspend payments would almost certainly prejudice efforts at recovery.

It was therefore judged better, both for the bank affected and for the banking system as a whole, to avoid a bank being forced to declare a suspensions of payments—which in normal commercial cases is either the first towards restructuring or less frequently, establishing bankruptcy.

The instrument devised was the CB, created with a Pta 500m capital shared 50-50 between the Bank of Spain and the then 108 private banks. The CB *does not have the initiative to* interevene: the negotiations on whether or not a bank is taken over by the CB are carried out by the bank affected with the Bank of Spain, which, in turn, consults other banks.

The Bank of Spain has on occasions been under Government pressure to permit the CB to act. This was the case of *the Banco de Valladolid, last* December, and the Banco de Granada, in January. For instance, the Government sought to avoid the political consequences of a collapse of Valladolid days before the constitutional referendum.

The moment that the CB takes over, it moves in its own staff and guarantees to save the bank, protect depositors and employees, plus to cover all obligations "validly contracted." The bank retains its separate identity.

Initially, the CP paid a nominal peseta per share and agreed to accept the findings of an independent accountant if it could be proved that goodwill had a value beyond the nominal peseta.

However, this practice was discontinued after the first bank, Banco Cantabrico, was admitted. The CB has not bought out all the shares of any banks it has *taken over, instead it has merely* obtained the majority, a percentage which has varied according to the individual size of the main shareholders' equity.

Thus, the CB holds 60 per cent of Cantabrico, 51 per cent of Granada, 70 per cent of Valladolid, 80 per cent of Banco Meridional and 63 per cent of Credito Industrial.

The CB has sought to avoid having to cope with querrelous shareholders, believing their equity has a higher than nominal value.

The banks taken over are considered a sufficiently bad risk by the rest of the banking community as to be refused any type of commercial absorption (even with the offer of Bank of Spain assistance). But the hope is that the banks can be brought back into profitability and then *sold off commercially.*

This is a formidable undertaking. It has taken between two months and over one year just to regain the level of deposits enjoyed by the banks prior to their collapse. Cantabrico, for instance, lost up to 35 per cent of its deposits.

Cause

In one sense, a run on deposits has not been so detrimental. A prime cause of these banks' difficulties was offering depositors rates of interest well above market rates. They thus attracted hot money which they could ill afford to retain.

A more fundamental problem for these *banks' independent* future is one of image. The banking community is at one in agreeing that the demise of these five banks was primarily attributable to bad management—concealed by the boom years of the late '60s and early '70s, yet exposed by the recession that began in 1975 and the credit squeeze that began in 1977.

The boom atmosphere encouraged over-rapid expansion and landed the banks with high fixed costs. It is reckoned, for *instance,* that a new branch requires up to four years to become viable.

When the recession began to bite towards the end of 1977, the cost of financing rapid branch expansion rose sharply. Meridional, when taken over last spring, had only paid Pta 2.6bn of the Pta 4bn purchase price agreed two years previously.

Rapid expansion also extended the banks human resources. Many scarcely qualified persons were employed. According to a well-placed banking source, two-thirds of the personnel employed in the banks taken over by the CB had less than three years' banking experience.

Such lack of experience tended to increase problems of competent credit control. For instance, there was little attempt to classify debts or make provision against doubtful debts. Thus, bad debts still figured in the balance-sheet as assets.

Apart from this, there was alleged to be widespread malpractice. Legal proceedings have been begun against two executives of Cantabrico for alleged "falsification of documents" and against a director of Meridional for alleged fraud.

The most serious case of alleged malpractice has not involved a bank inside the CB. The Banco de Navarra was struck off the Register of Banks in May, 1978. *Navarra was, in fact, the* first of the current series of problem banks whose weak or bad management has fallen foul of the recession and the credit squeeze.

Concern

In January, 1978, the Bank of Spain was obliged to step in and stop all Navarra's transactions after growing concern was voiced about the bank's debts on the inter-bank market. Navarra's complex tangle of transactions, especially loans to companies with which its main shareholders were linked, are still being unravelled.

Navarra is believed to have piled up some Pta 3.4bn worth of debts on the inter-bank market alone.

Overall, the business of the five banks absorbed into the CB represents around one per cent of the total. Thus, the impact of their problems, combined with that of Navarra, has been more at the level of confidence. The image of banking suffered, although by prompt action much potential damage has been limited.

Arguably, the banks are the ones more concerned about loss of image than the public at large. In this respect the most potentially damaging instance concerned the medium-sized family owned bank, Banco Coca. The country's largest bank, Banesto, had agreed with the Coca Board in December, 1977, to merge, but these merger discussions were incomplete before Banesto was obliged in June to take over administration of Coca.

The more sanguine among Spanish bankers realise that the unpleasant shocks provided by *these events are for the long-*term benefit of the system. This assumes, of course, that the authorities can draw the necessary conclusions and improve (a) the degree of control (b) management (c) the legal system. The least advance has been made on the latter issue.

The law still contains large loopholes, especially on the question of dealings between banks and affiliates. But on the questions of control and management there has been a change, though small as far as management is concerned. The Bank of Spain has beefed-up the number of its inspectors and has adopted a much more rigorous interpretation of its own policing powers.

The most controversial, though welcome, interpretation of its own powers was the issuing of a circular in December that fell little short of a call to order. The commercial and industrial banks were reminded in tough language of the need to raise professional standards and observe proper accountancy practice in presenting balance sheets.

Suspecting that banks had been indulging in window-dressing to present favourable balance *sheets to shareholders,* the Bank of Spain was particularly concerned that adequate provision be made for doubtful and bad debts. The circular, now nicknamed "The Pastoral," pointed out that banks should observe 1974 legislation that laid down the ratios between capital and reserves and the amount of deposits taken.

Stricter norms were also introduced by the circular on accounting for doubtful debts. Banks must now provide 25 per cent cover for those debts over *six months in arrears. This then* follows a sliding scale to 100 per cent for debts over two years in arrears.

The Bank of Spain further *insisted in the circular that* assets be valued at cost and expressly forbade the practice of selling shares—usually to a shell company — at a profit, which are then bought back at an inflated price to raise their book value.

Inspectors

In addition, when quoted share values decline (which has been the case over the past three years), the banks must set aside 5 per cent of net profits as a provision. A major problem here is that many shares are not quoted and their real value is often difficult to determine by inspectors.

The circular does not have the binding force of law but has the effective authority of law. On the one hand, it is intended to provide the Bank of Spain with full justification for sanctioning banks that have poor management and lax accounting. On the other hand, it is hoped to have the positive effect of stimulating greater disclosure, something which all but a few banks are very bad at doing.

Naming names is invidious but only one of the major banks tries to provide extensive information about its activities—Banco Popular.

Popular provides shareholders with consolidated accounts and extensive documentation based on Bank of America guidelines. Additionally, it gives shareholders a special technical analysis and a detailed commentary on the main themes affecting the bank and banking during the year. The bank is alone in this—and it was no accident that Popular provided the head of the Corporacion Bancaria.

Robert Graham

Business climate

CONTINUED FROM PREVIOUS PAGE

We could then see the phenomenon of the past year or so: earnings from tourism will continue to rise, foreign investment will do the same, imports will hold steady and reserves will accumulate.

It is a moot point what the authorities should do with these reserves, which cover 60 per cent of Spain's import bill.

In all this a vital component will be the Government's handling of credit policy. If the election result has changed anything, it has strengthened the hand of the private sector in its demands for a more equal share in the supply of credit.

Last year was the most difficult in banking history, in good measure due to the way in which the credit squeeze was applied to the private sector.

Before the elections the banks had been doubtful about government promises that private sector credit would increase by 16.5 per cent (against 10.5 per cent in 1978). These doubts have disappeared and there is a feeling that the Government will not tie itself, as in the Moncloa pacts, to a fixed figure for the money supply, but will want to be more flexible to react more effectively in the event of a recovery. A slight loosening in the credit squeeze is likely.

Greater availability of credit obviously will be a stimulus. Yet the real stimulus will come from another quarter. Private capital in Spain is not going to commit itself to major new investment without a change in the existing laws that govern hire and fire of labour.

The employers say that the existing rigid laws of the Franco era must be replaced by more flexible guidelines or the incentives to invest are of little value. The government realises this and now must tread an exceptionally delicate path. The election result has identified the Government firmly in trade unions' eyes with big business.

Sr. Suarez himself has hinted in private that he does not want to rules in future via social contract à la Moncloa. If this policy is followed Sr. Suarez will not therefore have the support of the union's main protectors, the Communists and the Socialists. He therefore risks a confrontation with labour which could be both politically damaging and economically dangerous.

هكذا من الأصل

Commercial banks dominate system

THE SPANISH banking and financial system is a curious hybrid. It is dominated by the commercial banks which, unlike those in France or Italy, are in private hands.

The commercial banks tend to loom larger than life both because there are relatively few financial institutions outside banking and because they have important equity interests in industry and the services sector.

Nowhere else in Europe do the commercial banks enjoy quite such a powerful position. The banking system as a whole is even more powerful if one includes the savings banks, the *cajas*, which are a major source of finance in the face of a weak Stock Exchange and the absence of an effective money market.

But this power is deceptive. The whole system is subject to strong State controls. These are most evident in the artificial fixing of an important slice of interest rates by obliging the banks to set aside a high ratio of deposits for State selected investments—the so called "privileged circuits," named after the privileged rate at which the recipient obtained the funds.

Interest rates are further controlled through the presence of the Instituto de Credito Oficial (ICO) which disburses official credit either directly or through its affiliated banks dealing with industry, construction, agriculture and local affairs.

Squeeze

The commercial banks have been powerful so long as their interests and those of the State were common—as was the case in the boom years of the 'sixties and the early 'seventies. But the recession of the past three years, the advent of democracy and the credit squeeze of the past two years has shown that the State's needs and those of the banks are not necessarily the same.

Ironically, it is now—when the State is trying to be less interventionist and liberalise the system—that the banks have begun to realise the extent to which they have always been controlled.

The changes now taking place are slowly making the system less hybrid, more homogenous and certainly more in line with the rest of Europe. The recession and the consequent rise in bad debts has brought home the need for good management. Scarce credit and high interest rates have squeezed the commercial banks out of medium-term lending, while the industrial banks (the nearest equivalent Spain has to a merchant bank) have moved into commercial banking and some are openly calling themselves "mixed banks."

In this situation, the official credit institutions are becoming more active yet are being forced to fund at least one-third of their needs on the open market while the State still stage-manages a huge slice of credit through the privileged circuits.

The role of the *cajas* is treated in depth elsewhere in this survey. Suffice here to say that one important effect of reducing the percentage of deposits the *cajas* are obliged to place for State-selected investment has been to make the activity more like ordinary commercial banks. These non-profit-making regionally-based savings institutions play a role as significant as building societies in the British financial system.

The *cajas* now account for just under 35 per cent of total deposits in the banking system and their credits last year grew almost three times as fast as the commercial banks.

A significant feature of the banking system is the way in which a handful of large banks with national networks dominate a plethora of medium-sized and purely local or regional ones.

At the end of December, the capital and reserves of the entire banking system stood at Pta 538bn. However, seven banks accounted for just over 51 per cent of this total. Put another way, 93 per cent of the commercial and industrial banks provide less than 50 per cent of the systems capital and reserves.

The "big seven" are: Banesto, Bilbao, Central, Hispano-Americano, Popular, Santander, and Vizcaya. Together these banks are responsible for absorbing 63 per cent of commercial bank deposits, and for supplying 47 per cent of credits.

By virtue of their size, three of these big banks stand out—Banesto, Central and Hispano-Americano. The latter, it is worth underlining, has an important cross ownership with the country's leading industrial bank, Banco Urquijo.

Changes

As the system becomes more sophisticated, the monolithic facade of the big seven is gradually disappearing. "La Gran Banca," or the so-called Bunker, deprived of the Franquist State and confronted by a measure of liberalisation, is a different animal from five years ago. The banks have their own separate identities and are going their separate ways.

The leading three have shown the greatest penchant for absorptions. Hispano, in 1977, bought up two medium-sized banks, Gijon and Mercantile Industrial, to consolidate its national position. Last year, both Banesto and Central took over two of the biggest medium-sized family controlled banks—Banco Coca and Banco Iberico, respectively.

The latter mergers highlighted a seeming obsession with ranking. The banks are ranked according to their deposit base, number of offices and capital. In order to retain its place as the leading bank in the country, Banesto precipitously decided to merge with Coca in December, 1977.

The decision followed an announcement by its rival, Central, that agreement had been reached on absorbing Banco Iberico, controlled by the Fierro family.

While it took Central only three months to complete the merger, Banesto took nine months. In the meantime Banesto was obliged to assume prematurely the administration of Coca after Press reports had revealed official investigations into alleged "malpractice" in companies connected with Coca and a former senior executive of Coca had been charged with alleged foreign exchange irregularities.

The president of Popular, Sr. Luis Valls Taberner, commented in January that Banesto had done the banking community a service by absorbing Coca. But it seems that Banesto is still licking its wounds over the problematical absorption of Coca, even though it has recouped the first place in the ranking, temporarily taken by central.

The problems inherent in large takeovers, exposed by the Banesto Coca deal, will not necessarily halt the trend towards greater concentration. But the leading banks are now likely to think twice about the benefits of absorption just for the sake of size.

Central said its merger was logical — Iberico's industrial portfolio and branch network were an important complement to its own activity.

In a different vein, Santander last year bought Banco Jover, a small, solid Catalan family bank, primarily to beef up its presence in Catalonia and to be able to take advantage of its branches. Santander itself had been inhibited by rules governing branch expansion from increasing its branch network.

The next moves to consolidate could well come from small banks being merged with medium-sized ones or consortia formed out of small banks.

Already there are signs of greater co-operation between these banks in order to save costs and increase competivity. For instance, Banco Internacional de Comercio has formed a joint company, Agesban, with March and Herrero, to provide common investment services.

There is also talk of the medium-sized banks forming *ad hoc* consortia to raise domestic bond issues. This said, concentration will be a slower process than some predict.

Categories

The banks are classified formally into five categories: national, regional, local, foreign and industrial. The expansion in the banking system during the past ten years has come as much from the 55 banks classified as local as from the 15 national ones.

Indeed, during this period the local banks increased markedly their share of the overall number of offices. This was largely as a result of a more relaxed policy as from 1974 regarding the opening of new branches.

The number of bank branches in Spain doubled between 1974 and 1978 to almost 11,000. (Since 1970, the number has trebled.) The relative increase in bank business has not matched this expansion, regarded by several bankers as unwarranted and potentially damaging to future bank profitability.

The proliferation of local and regional bank offices has helped sustain a surprisingly strong degree of local loyalty against the big national banks. Despite six bank failures in the past 15 months among local and regional banks, this loyalty is still evident, although there has been a noticeable switch of deposits to larger banks.

Now, with regionalism an increasingly important issue these local and regional banks could well have a new lease of life—provided they are well managed. The Rumasa Group, controlled by the Ruiz-Mateos family and the eighth biggest banking group in the country, is largely made up of such banks.

The group, controlling 21 banks itself, remains one of the big unknowns within the banking community. It now controls the prestigious Banco Atlantico, one of the first Spanish banks to actively enter foreign dealing—something which only a small proportion of Spanish banks are still inclined to do. But Rumasa's president, Sr Jose Maria Ruiz Mateos, has done little to dispel the impression that many of the small banks in his empire are bought for resale, and there are frequent rumours that his banking interests will be divested.

The industrial banks have been under the greatest pressure in the past year. The recession has had a direct impact since the industrial banks hold substantial industrial portfolios, growth has been minimal and adjustments have had to be made for rolled over loans or debts in arrears and bankruptcies, this is a far cry from the sixties when they were considered the most desirable type of bank.

Industrial banks are now moving more into straight commercial banking, the most attractive sector. Indeed, the distinction between the two types, which is mainly fiscal, becomes minimised once their activities converge. One wonders how long the distinction is worth maintaining for the 24 banks in this category.

A new element from now on will be the higher profile of foreign banks. The four foreign banks that have been operating in Spain will be joined by the end of the year by 10 others who have been allowed to set up branch operations, while another, Bank of America, is taking over control of Ameribank in which it previously held a joint share with Santander. By next March, a further five will be allowed.

Thus, this time in 1980 there will be 20 foreign banks operating in Spain. Their interest is primarily in wholesale banking; they do not wish to commit themselves to the investment of buying into Spanish banks, nor do they really mind about the strict limit on three branches since retail banking brings them into costly competition with Spanish banks. They will tighten up the operation of the inter-bank market which could affect the Spanish banks, but at first they will probably compete more among themselves for a limited and small proportion of Spanish banking business.

The authorities have been more enthusiastic about the foreign banks than the Spanish banks themselves. The advent of the major names in international banking will, the authorities hope, add a touch of hitherto missing prestige, and, at the more practical level, assist in raising the standards of banking.

The bank collapses of the past months have been attributed in no small part to malpractice and bad management. The whole question of management is drawing increasing attention. The recession, combined with high interest rates and persistent inflation, has highlighted the need for good management. For the first time for many years, banks are having to adjust to the prospect of lower profits and stabilised growth.

Bank profits this year have grown between eight and 12 per cent, according to an unofficial estimate. This compares with annual increases of between 16 and 24 per cent in the early seventies. Instead of keeping well ahead of inflation, the profits—or at least the published ones — are now falling behind.

Margins

The banks are still operating on wide margins compared to, say, the U.S. banks, but the management of Spanish banks on the whole is less able to absorb new costs.

The new costs have come from the high price of credit and a continual spiral of wage costs. Since 1973, personnel costs have averaged annual increases of around 30 per cent while gross added value has averaged 3 per cent below this.

In other words, the increase in productivity is more than offset by the increase in the cost of personnel.

These costs are becoming more difficult to control. The unions in the banks have emerged as tough and well organised. The Spanish bank employers on the other hand have chosen a course of confrontation with labour. The impact of this policy is uncertain but it will hinder the introduction of a more rational working week. Attempts to scrap Saturday working and institute a five-day week were rejected last month by the unions.

To retain profitability, the banks are going to have to be more competitive: not in the old sense of offering "extra tipos" (under-the-counter extra interest rates) to attract business, but by offering a better range of services.

For these services they will have to work out a proper list of costs. The banks admit that at present their services are not realistically costed, and there is a growing realisation that this is the one area which can support profit levels in the future.

SPAIN'S "BIG SEVEN" BANKS

Figures in Pta bn.

	Banesto		Central		Hispano		Bilbao		Vizcaya		Santander		Popular		Total Banking System	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Loans	179.2	244.5	105.6	159.1	163.7	167.7	142.9	164.7	116.7	138.8	89.2	94.2	57.9	68.0	1,733.9	1,933.5
(Term)	(100.9)	(150.1)	(47.1)	(80.6)	(77.6)	(72.2)	(85.3)	(113.2)	(68.1)	(85.3)	(43.7)	(52.4)	(39.4)	(52.7)	(1,061.6)	(1,209.4)
Deposits	524.4	690.2	487.7	640.9	495.3	591.7	386.0	466.2	282.7	338.9	268.1	335.1	193.1	(112.1)	4,382.7	5,220.3
(Site)	(205.7)	(229.5)	(198.0)	(249.1)	(195.4)	(218.8)	(153.6)	(171.5)	(129.4)	(146.8)	13.3	15.4	8.9	8.9	(1,771.3)	(1,991.8)
Capital	20.2	22.2	18.7	26.3	18.8	20.9	17.7	17.7	11.2	11.2	11.6	18.8	9.6	11.8	250.1	275.1
Reserves	25.2	30.9	20.9	26.2	20.4	22.1	17.8	22.4	11.0	13.4	—	—	—	—	218.5	263.3

Source: CONSEJO

Credit still the most costly in Europe

FOR THE second successive year, commercial bank credit in Spain has enjoyed the dubious distinction of being the most costly in Europe.

At one stage in the early part of August, those seeking credit on the interbank money market were being quoted day-to-day rates of over 55 per cent. Since then, the situation has eased substantially. But the scarcity of credit, and the tensions this produces, remain one of the biggest problems for the banking and financial system.

Moreover, there is little immediate prospect of the situation changing since the money market is poorly developed and credit control provides the most convenient form of economic restraint.

The present difficulties go back to mid-1977 when the Government undertook an important initiative designed to reduce the level of State control over the deployment of banking funds.

The intiative centred round the reduction in the amount that the commercial, industrial and savings banks had been obliged to set aside for State-selected investments (in addition to that portion normally placed with the Bank of Spain). This had been the prime means of mobilising funds for Spain's industrial development in the sixties and early seventies.

Competition

The main aim of the new initiative was to steer the financial system away from its previous dirigisme, preparing Spain for a more market-orientated economy. By allowing more competition for funds, it was hoped that interest rates would become both more harmonised and more realistic.

These funds compulsorily symphoned from bank and savings bank deposits were known as "privileged circuits" because of the privileged position of the recipient who obtained money at rates of between 4.5 per cent and 6.9 per cent. The savings banks, which account for 30 per cent of total bank deposits, were obliged prior to July, 1977, to set aside 69 per cent of deposits for this privileged financing.

But the reforms in July cut this percentage immediately by six points—and then followed a more gradual monthly reduction, so that by 1983 only 35 per cent of deposits would be tied in this way. In the case of the commercial banks, the liberalisation measures came into force on January, 1978, dropping a quarter of a point every two months—so cutting the original 25 per cent of tied deposits to 21 per cent.

In both instances the rate paid for this privileged finance has been marginally raised.

At the same time, the authorities decided that, in future, at least one third of official credit be funded not direct from the Treasury or Bank of Spain but on the free market. Unfortunately, these reforms were introduced without counterpart at a moment of deepening recession and high inflation. This made the changes much harder for the system to digest.

Distortions

Previously, the banks had not needed to worry about the discrepancies between official and market rates. In the boom, it was quite simple to compensate for the low return on State-directed funds by charging high interest rates on the market loans. But once the availability of market funds began to be squeezed, the cost of credit rose sharply.

The main distortions have come in private sector credit. Overall, private sector credit grew at over 15 per cent last year—not an unhealthy amount given the recession. However, a significant portion of this represented credit set aside for exports. The burden of obligatory credit the private banks set aside was almost halved last year (cut from Pta 42bn to Pta 25bn), but the savings banks were for the first time asked to chip in with Pta 28bn. Thus, the overall volume increased.

Excluding this export funding, commercial credit by the banks to the private sector rose only 10 per cent. Neither the banks nor industry were happy about this as it was half the inflation rate.

Officials concede that free market rates have been exceptionally high for the banks. But they maintain that an important portion of banks' funds are obtained at below market rates through discounts with the Bank of Spain. It is therefore misleading to look solely at the call rates on the interbank market, especially as these can be affected by the presence of a large borrower. The bank has estimated that the average cost of credit to the large banks was 16.5 per cent in 1978, two points up on the previous year.

The higher cost of money has had an important consequence. The commercial banks have switched out of medium-term financing and concentrated almost exclusively on the short term—90 days to one year.

It is not rare to find commercial banks embarking on operations with maturities above one and a half or two years. The returns are so much better and more certain in the short-term market.

But it is not only the commercial banks that have made the switch. The savings banks, which have had proportionately more funds freed from official obligations, are also moving out of medium-term finance. This vacuum in medium-term finance is an increasing preoccupation to the authorities.

In all systems the medium-term market is one of the hardest to satisfy, but in Spain it is particularly problematical. The industrial banks, intended to provide short- and medium-term funds to promote industry, have been affected most by the recession and are going through a period of retrenchment. They are now only really lending to companies in which they have equity.

Industry itself cannot afford to pay the high market rates. Moreover, now that the ratios of privileged funds are being reduced, the traditional beneficiaries—the large State or semi-State entities such as INI, Telefonica or Renfe, have to compete more in the market. And in moments of recession large companies such as these, with State guarantees, look more attractive to the bankers.

Therefore, scarce funds tend to go more to large companies and be denied to small and medium ones, which—also lacking State guarantees—do not get such fine rates. It is a vicious circle.

The scarcity of medium-term funds is aggravated by the limited commercial choices for raising money. The Stock Exchange has moved upwards (since the March 1 elections) for the first time in three years.

But in the past three years between a third and two thirds of the value of shares has been wiped out by a constant decline. Telefonica, the blue chip par excellence and the most heavily traded company on the bourses, can no longer rely on this source.

Others have given up long ago regarding the bourses as a means of raising new capital. A bond market has begun to develop with some attractive coupons but this cannot evolve effectively so long as there is no real secondary market.

Last year for the first time the authorities resorted in a significant way to public debt issues. The results were not as good as hoped.

Discounts

For instance, in November Pta 30bn worth of debt was issued at 12 per cent for five years. After ten days, only 83 per cent of the issue had been subscribed and full subscription has only just been completed. As it is, there are reports of some of the savings banks being offered substantial discounts to subscribe.

The authorities believe, however, that only by persisting with such issues can public consciousness be changed and slowly develop a secondary market. Thus, to finance this year's budget deficit of Pta 195bn, some 70bn will come from public debt issues.

In addition, the Instituto de Credito Oficial is expected to raise some Pta 50bn in the domestic market. Also, for the first time in January, Treasury bills of 7, 15, 30 and 60 days have begun to be issued at approximately market rates.

The Instituto de Credito Oficial (ICO) will draw one third of its funds from the market (if it can) and the rest from the Bank of Spain and the Treasury. The ICO is the principal instrument for finding medium and long term credit. Indeed, its importance has grown as the private sector has withdrawn from medium term loans.

Last year, the credit supplied by the ICO or its affiliates such as the Mortgage Bank, or the Construction Bank, increased 28 per cent, almost three times the level of the commercial banks. Official credit now accounts for just over 8 per cent of total credit.

This year, official credit is projected to increase by a similar amount, mainly earmarked

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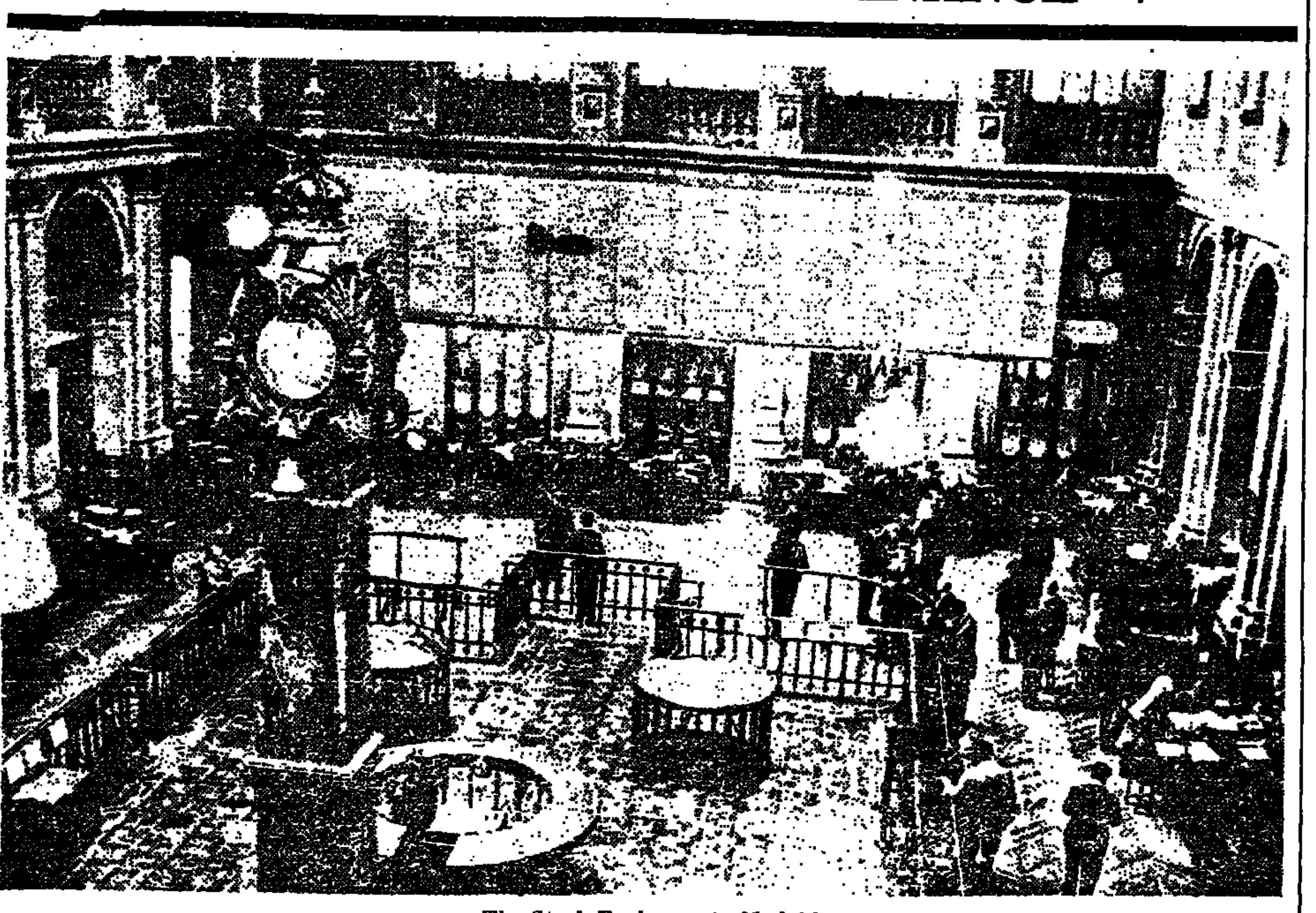
A section of the dealing room of the Bank of Bilbao in New Broad Street, London



The Stock Exchange in Madrid

Optimism on the stock market

ON MARCH 2, the day after the elections, the Madrid stock market shot up by nearly 5.8 points in what the fortnightly Madrid financial review, Balance, called "a fit of buying fever."

In the next session, on Monday, March 5, the market took off again, climbing an average of over 5.1 points more. It was the first time in the history of Madrid's *Bolsa* that a five-point rise was seen in two sessions in a row.

The victory of Prime Minister Adolfo Suarez' Union de Centro Democratico (UCD) was good news for long-suffering Spanish stock market investors. Nevertheless, there were fears that the euphoria would fade, or that deliberate manipulation might have been responsible for the spectacular rise—a rise which was all the more remarkable, coming as it did after a steady slide that began as long ago as April, 1974.

Relief

Those fears were allayed on March 8, however, exactly one week after the elections, when the upward tendency persisted, albeit somewhat less exuberantly than before.

The Madrid *Bolsa* closed that day at 111.86, showing a total gain for the post-election week of nearly 14 points. Spain's business world interpreted the optimism in the stock market as a harbinger of good things to come, and that interpretation was probably justified.

It was as if spring had come at last to the long-dormant Madrid stock market.

"Even those little groups of ladies who used to make the stock market so colourful and who were driven out long ago by the daily heartbreaks of the quotations, were seen again," wrote the author of the normally said market report in the Madrid evening newspaper, *Informaciones*, on March 6, following the second memorable plus-five session.

With the likelihood that the UCD will continue in office for its full constitutional term of four more years, the market is likely to remain optimistic in the near future, although of course it will take a long time to climb back to the levels of five years ago. It is probable that the gains made during the ebullient post-election week will be firmly consolidated.

It would not be unreasonable to assume that the 100-mark will remain a thing of the past, provided there is at least minimal co-operation from the Government in the form of sound economic policies and provided there are no major political or economic upsets.

The collective sigh of relief from traders on the Exchange for deliverance from what they refer to among themselves as "the red horde"—the powerful Spanish Socialist Workers' Party (PSOE), the major parliamentary opposition, and everything left of it—followed other encouraging signs for would-be investors.

For one thing, the market touched bottom one year ago—while hardly buoyant—and has been showing occasional signs of life since then.

One such sign is growing trading volume: Pta 17.3bn (£125m at current exchange rates) during the first two months of 1979 compared with Pta 13.02bn (£94m at current rates) during the corresponding period of 1978. Transactions for the entire year of 1978 totalled Pta 87.05bn (£626m), or 17 per cent more than in 1977.

Trading

The increase in trading was particularly notable in recent months: the figure for February, 1979, was nearly 21 per cent higher than the one for January, 1979.

By the end of 1978, the Madrid stock market closed 10.6 per cent lower than its average opening price on the first day of business in January, 1978, yet that performance was *menos malo*—less bad—in the eyes of straw-grasping Spanish investors, who had seen the same market drop 30 per cent in 1976 and 32 per cent in 1977.

Much of the recent additional trading, incidentally, represents an injection of foreign capital, in an amount exceeding Pta 5bn (£36m), according to the Economic Studies Service of the Banco Central in Madrid.

As leading Spanish stockbroker Jose Manuel Nunez Lagos told the Financial Times: "Spain today is similar in this respect to Spain at the beginning of the 1960s, following the 1959 stabilisation plan, when foreign confidence in the country's future was greater than that of the Spaniards themselves . . . foreigners were buying last January when the market was dropping."

He thinks they will keep on buying for the time being, if not there could be a setback.

"Until we have some news about the Government's economic policies," the stockbroker explained, "the immediate future of the stock markets will depend on whether that basic influx of new money, mostly foreign, continues."

He added: "It is with that influx as a foundation that short-term speculative movements can take place. After all, the market is like a grasshopper at the edge of a puddle scattered with banknotes. It moved by little leaps and bounds. If there is a lot of money in the pond, it will end up higher or on the same level. But, of course, if there is nothing there, no matter how high it hops, it can only go further down."

An economic bulletin issued by the Banco Central in February—just prior to the general elections—ventured this less colourful prediction: "The current year may turn out to be the first year of recovery, on the threshold of the 1980s, provided the inflationary process is held in check and private investment is stimulated."

The biggest doubts lie in the area of official monetary policy, particularly with regard to the limitations on credit.

Failure on the part of the Government to give the economy all it needs—and market experts generally agree that such was the case in 1978, when the search for a consensus on the constitution took precedence over other problems—could nip the present resurgence of confidence in the bud and wreck the chances of the Spanish exchanges becoming significant sources of capital for business expansion during the current "investment depression."

What happens next will depend to a great extent on official policy and the energy and efficacy with which it is applied.

Banco de Bilbao economists foresee "a growth of 3.5 per cent in the gross industrial product, on the basis of a slightly expansive primary sector (2 per cent) and a growth pattern in foreign tourism and exports (7 per cent). Such an estimate would include increased public and private consumption and a timid reactivation in gross capital formation."

Prediction

Actually the Spanish stock markets have seldom played a very significant role as sources of capital for the expansion of private industry. They have served well in that regard, however, for certain State-backed firms—particularly public utilities, utilities such as the National Telephone Company of Spain (Telefonica), which financed much of its expansion in the latter days of the Franco regime by the issue of shares which are now held by tens of thousands of Spaniards whose expectations of profit have hardly been fulfilled.

In fact, there are serious structural problems which diminish the importance of the *Bolsas* as sources of ready financing. While there are more than 600 companies listed on the Madrid Exchange, the country's biggest exchange, they represent only a small fraction of the nation's commerce and industry—and a great many of those 600 are rarely traded.

Not only that, but a selection of just 10 stocks accounts for more than 75 per cent of the Madrid market's capitalisation.

Another quirk of the Spanish markets is that the large privately owned banks are major owners of much of Spain's industry, and both such banks and their subsidiary or affiliate industrial companies are listed on the exchanges. This tends to reduce trading volume and it also lays the exchanges open to not entirely unjustified allegations of "manipulation" of the market.

Defects

Such "manipulation" is often not punishable or even obvious, since there is no single Government agency (such as Securities Exchange Commission in the U.S., for example), whose duty it is to act as a watchdog over transactions. Legislation affecting the buying and selling of stocks and bonds is old-fashioned, and numerous state agencies are concerned.

Such a state of affairs makes for occasional bureaucratic harassment but little real control. There is a move among stockbrokers to correct these increasingly evident defects, if only to keep the languid markets from total collapse.

Yet there are other defects which may be harder to correct, such as those related to the habits of businessmen and investors conditioned by 40 years of operations in the special climate created by the authoritarian rule of the late Generalissimo Franco.

"In order for the Bolsa to really behave like a capital market," Sr. Nunez Lagos said, "in order for a really broad market to exist, there is a need for more than mere institutional reforms. What we are hoping for is for the average private investor to change his attitude from a passive one to an active one . . . the transition from the present type of market to a real capital market will be possible to the extent that the average holder of savings begins to invest in shares."

Business management is partly to blame for the sleepy pace of spanish markets. It is not customary for many Spanish companies to publish detailed information about their operations and their financial status, annual reports are frequently perfunctory and not very enlightening to make matters worse. Spanish investors on the whole do not show much curiosity about such matters. Political motivations, more than balance sheets, have been dictating market trends in Spain for decades.

The investors may not realise it yet, says Sr. Nunez Lagos, but gone are the days when everything went up or everything went down. In the changed political circumstances of this country, he claims, movements in the market will necessarily become more selective.

The sooner Spanish investors get accustomed to that idea, the better off they'll be — and so will the market.

By a Correspondent

Credit

CONTINUED FROM PREVIOUS PAGE

for shipbuilding, construction and projects designed to create employment.

The Commercial and Industrial Banks are at times critical of the role of official credit. For instance, a part of the "privileged" funds taken from them go direct to the State banks, like the Construction Bank. These are funds taken at, say, 7 per cent yet reloaned at 11 per cent without any real marginal costs.

Careful

The critics say that if the system is to be liberalised, then this State intermediary should go. The ICO itself is scarcely an orthodox body. Although it is lending at soft rates, its new head, Sr. Rafael Bermejo, insists on careful project studies and on covering ICO's costs. The ICO faces problems in justly apportioning credit when so many sectors and so many big and small companies cannot find reasonably priced funds.

There is a natural tendency to look to the needs of large companies whose activities have an obvious socio-economic impact. Will, for instance, the lion's share be eaten up by the demands of troubled sectors like shipbuilding and steel or in meeting the huge financial needs of the energy sector if the nuclear programme gets under way?

ICO officials insist this will not be the case. But if this is so, then the banks risk being faced with the privileged circuits in a new guise—Government directives to fund specific operations at below market rates.

Last November, for instance, the Minister of Industry, Sr. Augustin Rodriguez Sahagun, called on the country's leading banks and "requested" their help in providing special finance to the ailing capital goods group, Babcock Wilcox. After much protest, they agreed.

If this can happen once, bankers fear it can be repeated.

They are probably right. So long as important quantities of bank deposits are tied to State-directed use, it is hard for a money market to flourish, especially where there are no large pension funds, building societies or insurance companies, as is the case in Spain.

The reforms of July, 1977, are still relatively modest, precisely because of the counterpart to liberalisation needed to be created. It is therefore going to be a lengthy process of adjustment and the hand of the State will be much in evidence for the foreseeable future.

R.G.

Surge of interest in credit cards

ALTHOUGH CREDIT cards are a relatively recent innovation in Spain, the country now ranks fourth in the world in the number of these "bits of plastic" in circulation.

Diners' Club pioneered the system in 1954, but no bank issued a credit card until the Banco de Bilbao introduced the Visa Card in 1971. However, it did not take long to establish that Spain was a particularly favourable market for the system. There are now some 4½ to 5m credit cards in circulation—with rosy prospects of expansion.

The Banco de Bilbao takes the credit for popularising the system, having introduced the Visa card in 1971. The Visa International System, as it is now called, stems from the card put out by the Bank of America in 1958 and brought over to Europe by Barclays Bank in 1966.

Bilbao gauged the costly initial outlay of introducing the card against two crucial local factors: the fact that cheques have never really caught on in Spain as a method of payment, and the influence of tourism in persuading retailers that credit cards were in their interest.

The Spaniard's wariness of cheques is partly an anti-bureaucratic reflex, but is also explained by the traditional weakness of legislation to cover the bouncing variety. In this light, the introduction of credit cards was a simple matter of skipping a stage.

Furthermore, the mass influx of tourism throughout the late 1960s and early 1970s had the effect of a free publicity campaign, particularly among shop-owners and the catering and hotel industry.

In this context, the Banco de Bilbao was able to amortise its initial outlay within three years, whereas the Bank of America, for example, had to wait five years before seeing any return on its investment.

Bilbao has reaped a handsome harvest for its foresight. The Visa system now covers 37 banks and savings banks, which this month set up Visa-Espana to co-ordinate its administration.

But the bulk of the Visa card's 1.43m users, and its approximately Pta 12bn turnover last year belong to Bilbao. This represents nearly three quarters of all credit card turnover in Spain, while the number of Visa users grew around 25 per cent in the last 12 months—and the number of sales points associated with the system grew from 52,000 to around 60,000.

Other banks were slow to see the potential in the credit card. And those that *did* react frequently regarded the issuing of a card as more an advertising write-off in promoting the image of the bank than as a potential source of revenue.

The bigger banks and the savings banks introduced cheque guarantee cards (known as 4B and 6,000, respectively) but these were only able to develop as far as the system of payment by cheque, and have no more than 800,000 users.

Credit cards, moreover, offer a better defined credit band, with the possibility of deferred payment. But the success of Visa has convinced many banks and has also led to the introduction of the rival Interbank system which issues the Master Charge Eurocard, and Access cards internationally.

As yet, the Interbank cards have little more than a tenth of the Visa market, but the increasing tendency of many banks to offer both means that they are likely to catch up fast.

Both systems will benefit sharply when the Confederation of Savings Banks decides, probably before the end of the month, to give its members the go-ahead and issue either—or both—of these cards. The savings banks hold over a third of all deposits in the banking system, and offer the "popular" credit cards of the Visa or Master Charge type—so-called because of the credit limits and system of revolving payments—a large market which has barely been touched.

The second so-called "popular" type of credit card is issued by the chain stores. There are approximately 2m of these in circulation, with Spain's largest retail concern, the Corte Ingles, accounting for a million. Its rival, Galerias Preciados accounts for some 750,000, and the Spanish branch of Sears has a further 250,000.

However, the long-term effect of these firms' effort in introducing the charge account system may benefit the credit card industry proper. The Corte Ingles, for example, is not unenthusiastic about Visa and similar cards, simply because the commissions they have to pay are lower than the administrative costs of running their own card.

Research

From the public's point of view, although the chain store type of card is at the moment the most widely circulated, research by the banks shows that out of 75 per cent of the population familiar with the idea of credit cards, 39 per cent (by some distance the largest portion) identified them with the Visa card.

The Visa/master charge type card is therefore well placed to take over part of the market held by the limited-usage chain store cards, once the banks and savings banks begin to give them wider currency.

Diners' Club was the first credit card venture in Spain, and it remains the better established of the "elite" cards. Beginning in 1954, they found a strong initial prejudice to what was still a novel idea, even internationally.

At the beginning of the 1970s, their research told them that there were approximately 110,000 Spaniards in the upper-bracket income group which they consider their target market, and of which they now claim more than half, or around 60,000 card holders.

The Diners' Club sales pitch in Spain is aimed strictly at the elite, and the prestige (which is supposed to rub off on their card holders) is pushed very hard—their local manager went so far as to describe the card as "the knight's sword of the 20th century." Diners' Club concentrates on expanding and cheapening its services rather than advertising for new custom. It remains confident that in a country where credit cards are catching on fast, there will come a time when people want the best.

American Express is newer to the market, which it is now attacking aggressively to make up lost ground. It began by setting up a joint company with the Banco Urquijo, Spain's largest industrial bank—the first such experiment it has carried out internationally. Unlike a British merchant bank, an industrial bank is a hybrid which operates as an ordinary commercial bank but under special legislation designed to make it a service bank for industry.

American Express's Spanish initiative hence gives it immediate access on favourable terms into a growingly competitive market, where it can begin by building a solid base out of the Urquijo clientele, both corporate and personal.

Amex pitches its net wider than Diners' Club—worldwide, it is three times larger than Diners' Club and Carte Bleue (its other competitor) combined. In Spain this is likely to prove important in view of the sharp growth of the bank-issued cards. For although Amex shares the same core market as Diners' Club, it intends to establish a base at the upper end of the Visa/master charge market as a precaution against future erosion.

It now claims some 25,000 card-holders in Spain, although this doesn't reflect its true impact on the market. Last year, for example, American Express card-holders accounted for nearly 1 per cent—equivalent to around $50m of Spain's tourist receipts. This is likely to increase the company's Spanish clientele, if only by pushing up the number of establishments which take the card.

However, only 54 per cent of holders of credit cards of all types in Spain actually *use* them. But this may, in part, be explicable by people holding two or more cards, and does not detract from the possibilities for expansion which nearly everyone in the business takes for granted.

The area where future competition looks like being most fierce is between the bank-issued cards. The introduction of computerised magnetic strips will gradually multiply the uses of credit cards, and it will be the quality and range of services offered that will, in the long term, decide who wins the largest part of the pie.

David Gardner

Increase in foreign reserves

ONE FEATURE which confounded the economic planners last year in Spain was the continued accumulation of foreign reserves. Spain ended the year with foreign reserves over the $9bn mark. No one foresaw such a high level of reserves because a mild recovery was expected to take hold in the second half of the year, so stimulating import demand. This never materialised, but while the industrial recession remained fairly static, tourist receipts rose sharply and so did the level of foreign investment.

This strengthening of Spain's external position has had two effects on its relationship to the Euromarkets. First, it reduced the overall anticipated level of borrowing. Final figures are not available but borrowing was below the projected $3.1bn. Secondly, it tended to improve Spain's rating. This in turn enabled the Spanish authorities to accelerate repayment of some important outstanding debt and encouraged some of the bigger State and semi-State borrowers to restructure existing term debt to take advantage of more favourable rates.

Image

With reserves now above $10bn Spain has been able to enter the new year with a considerably reinforced international image. This is now likely to be further strengthened by the showing of the ruling Union de Centro Democratico party of Sr. Adolfo Suarez in the March 1 general elections. Almost certainly Spain can now look forward to four years of single party government. This combination of factors has tended to make the market regard Spain as a better risk than Italy. Few bankers would dispute the attractiveness of lending to Spain.

A year ago some bankers believed that because Spain had been such an active borrower in the previous two years the general softening of terms throughout the market would not be so pronounced in the case of Spain. In the event this has proved wrong. A sample of the latest loans arranged show good spreads of five-eighths and three-quarters. For instance Enagas, with an INI guarantee, has just obtained $180m at five-eighths for seven years and three-quarters for the remaining three. Iberduero recently borrowed $100m for 10 years with a spread of three-quarters above Libor.

The favourable treatment has undoubtedly been affected by the decision last August by the Bank of Spain to accelerate repayment of some important outstanding credits. In particular it was decided to repay the famous $1bn Kingdom of Spain loan. This was contracted in August 1976 with a consortium of international banks with a spread of 1⅜ for five years. The authorities paid off this loan in four monthly tranches of $250m. Also in accordance with IMF rules, Spain has now completed accelerated repayment of the equivalent of $211.4m — the remainder of funds borrowed from the IMF under its oil facility in 1974 and 1975.

Despite rumours, the Kingdom has not gone to the market for another substantial loan. Last year it contented itself with two DM-denominated bond issues. The main Spanish borrowers are the large State institutions and companies—in particular the State holding company, INI, the railways (RENFE) and Iberia — and those concerns which have an important State equity like the telephone monopoly, Telefonica. Alternatively they are largely private companies, like the utilities, and the Autopistas (motorways) which have either an INA guarantee or a special State guarantee approved by the Cabinet. Thus over $8bn of the $13bn external debt is accounted for by public concerns or by those companies guarantee.

As the market rates improved the large Spanish borrowers last year sought to refinance their existing foreign debts. INI for instance felt that it could obtain finer rates and so reduce the anticipated $148m in scheduled repayments for 1978. In this it was largely successful, being able to alter spreads of one-eighth to five-eighths. This spread was recently applied, for instance, to a $200m five-year loan that was a refinancing operation. RENFE, on a $130m loan, carried out a similar refinancing on the same terms. Telefonica has also been doing the same.

Major question marks persist over how and when the Spanish economy will pick up. It is also likely that the inflation rate will remain little changed from the still relatively high level of 16 per cent of 1978. But in the short-term this is unlikely to detract from the attractiveness of the Spanish market, where the number of borrowers are small and well known, and where foreign banks are now being allowed in to do wholesale and retail banking.

John Evans

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New openings for foreign banks

GENTLEMANLY scramble under way among foreign nks to achieve the kudos of ing the first to operate in idrid. The first is due to open early May, but there are wry lles among the Spanish bank- fraternity, who view this ste with some amusement. nvinced that Spanish bureau- icy is such as to foul up the st-laid plans.

Since the Cabinet on January last approved 10 foreign nks to open branches in ain, a host of intricate ministrative, legal and fiscal ails have had to be ravelled — and many more nain to be. It took almost years for a decree to terialise permitting foreign nks to enter, and from this cree last June it took a ther six months to decide ich should be allowed in. A guine view would be that all approved banks are unlikely be properly operational fore the end of the year

The entry of these banks has en an emotive issue—and bject to a good deal of mis- derstanding among the anish banking community. e basic fear has been that ll-managed large multi- tional banks with aggressive mpetitive techniques and eater management sophistica- n would break up a comfort- le local cartel. Even when decree was approved, there- the authorities had to resist strong rearguard action to pose severe restrictions on number of banks to be owed in. In December the nsejo Superior Bancario, the dy which acts as a channel of mmunication between the nks and the Government, commended that no more than ir banks be allowed in the st time round.

Its argument was based on ree considerations. It feared undesirable diversion of seta resources, suspected that nsions in the inter-bank ney markets would be exacer- ted by more banks competing funds, and lastly was rmed that the foreign banks uld poach on the already ited numbers of banking ff qualified in foreign change operations and foreign siness generally. The Bank Spain swallowed none of this. The Bank of Spain main- ined, first, that the impact of reign banks would be strictly mited in terms of competing r pesetas. Secondly, rather an creating tensions in the ter-bank money market, the reign banks, it felt, would entually help to develop what s been traditionally a weak int of the banking system.

It was also doubtful whether e policy of limiting the num- r of foreign banks to four uld serve the purpose in- nded. A limited number of rge foreign banks could easily ve more impact than a greater mber since they would have compete among themselves ore than against Spanish nks, some officials argued.

But while the Bank of Spain d not wish to be so restrictive, still wanted to be conserva- e. It was not going to let all and sundry who applied. A total of 19 banks filed their plications in time. Two hers, the Banco di Roma and nk of Tokyo, were not considered because, the word goes, they missed the deadline. The Bank of Spain chose to let 10 banks in on an initial tranche and named five others which would be allowed to operate as of March 1, 1980. The choice of the ten was difficult and in some senses a political act to achieve a balance among the main national banks of Spain's principal business partners—four from the U.S., two each from France, W. Germany and Britain.

Criterion

The main criterion, however, was the extent to which the banks had done business with Spain in the past, especially since the death of Franco. An unkind, but partially true comment, by some Spanish bankers was that several applicant foreign banks had raised their lending activity to Spain sharply in the past two years—with a view to being considered favourably.

Those authorised in the first batch were Citibank, Chase Manhattan, Manufacturers Hanover Trust and Morgan Guaranty from the U.S.; Barclays and NatWest from the UK; BNP and Paribas from France; Dresdner Bank and Deutsche Bank from Germany. Those kept waiting for a year were Continental Illinois and Chemical Bank from the U.S.; Algemene Bank from Holland; Banque de l'Indochine from France and Commerzbank from Germany.

This delay will not mean a great deal in practical terms. Nothing will stop the five from preparing to open in the meantime. Thus they will be operating probably no more than three or four months after the first 10 yet will have been able to watch how their colleagues have fared meanwhile. To the four not given immediate permission, the authorities have made it clear this is not a formal rejection.

The most interesting attitude was that adopted towards the Banco do Brasil's application. This was turned down, or rather a positive decision was postponed, because the authorities were unhappy about the principle of reciprocity. Because the bank controls some 70 per cent of the financial market in Brazil, Spanish bankers were doubtful how reciprocity regarding Spanish banks in Brazil could be applied. Until this situation is clarified, Banco do Brasil is unlikely to be allowed to operate in Spain. Among the other applicants the authorities did not pronounce on was American Express. They were uncertain about its *naturaleza* — i.e., its legal and physical identity as a banking institution.

Under the terms of the June decree those banks authorised to operate could opt either to establish a Spanish subsidiary or work through branches, limited to three. In the case of a subsidiary, the downpayment for capital and reserves was set at Pta 1.5bn (£10m) while the security for a branch operation was put at Pta 750m (£5m).

In addition, special provision was made for the case of a bank which already had a stake of over 25 per cent in a Spanish bank. Here the foreign partner would be permitted to purchase the entire equity. Bank of America is doing this with Ameribank, jointly owned with Banco de Santander. When this operation is complete, Bank of America will join the four existing foreign banks which, for various historical reasons, have been already allowed to operate in Spain — Banco Nazionale di Lavoro, of Italy, Britain's Bolsa, Credit Lyonnais and Societe Generale of France.

There are plenty of small banks, and some medium-sized one, waiting to be bought up. But foreign banks are wary of exposure to such an investment.

The high "entry fee" was not popular but none of the potential applicants dared to voice a complaint in public. Nor has there been any open criticism of what could prove to be uncomfortable restrictions.

The Bank of Spain has sought to limit the impact of the foreign banks on peseta dealing. Accordingly, peseta dealing cannot exceed 40 per cent of a foreign bank's assets inside Spain. Such assets will be Government securities and that proportion of deposits which the banks are obliged to deposit with the Bank of Spain. The banks will also be allowed to book loans in Spain and apparently to transfer existing loans booked elsewhere.

The net effect of this restriction will be to limit the amount of deposits that foreign banks can obtain. Yet perhaps too much should not be made of this provision. The four foreign banks already in Spain account for little more than 1 per cent of total deposits.

Until now the foreign banks have operated through representative offices, of which there are over 50. They have been mainly concerned with co-ordinating the wholesale banking activities of head offices. The provision of foreign loans has been accounted for as to over 70 per cent by foreign banks, usually working through representative offices in Spain.

In more candid moments some foreign bankers concede that 80 per cent of what will be done through the newly opened branch operations could be done through existing representative offices. Why then are they coming in? First, there is a strong element of prestige. Secondly, it allows them to claim a formal banking presence in a country whose principal corporations and utilities are active borrowers on the international markets.

Thirdly, they are confident of Spain as an expanding market—both in terms of financial services and investment opportunities. The anticipated entry of Spain into the EEC in the early 1980s and the prospect of greater liberalisation — hold promise of more international and European interest in Spain. Fourthly, they are interested in Spain as a means of tackling the Latin American market.

From the Spanish point of view the presence of foreign banks will have a number of important consequences. Even the most chauvinistic of the conservative members of the Spanish banking community concede they have much to learn. The more outward-looking believe foreign banks will add new life to the system and help cope with the authorities' avowed aim liberalising interest rates and creating a fully fledged money market.

The foreign banks could well provide a lead in what is still untried territory in Spain—a realistic costing of service charges. As profit margins become increasingly squeezed Spanish banks are realising that many of their services are poorly costed.

Internationally, the Spanish will benefit from the principle of reciprocity, especially in Germany and the U.S. Had existing legislation remained in force, Spanish banks, which are now increasingly turning abroad for expansion, could have run into problems on this score.

R.G.

Industrial banks feel the pinch

UNTIL THE present recession began just over four years ago, the so-called industrial banks were the envy of Spain's banking community. The privileged treatment accorded these hybrid institutions—which mix commercial branch banking with merchant banking — throughout the country's period of economic take-off, made industrial banking the most spectacular growth area in the financial system.

However, in the present climate of stagnation in industrial output and tight monetary discipline — added to the increasing inroads into industrial bank privileges made by the commercial banks — it is far from coincidental that the last two banks to get into serious difficulties were both industrial banks.

These were the Banco de Granada, which became the fourth admission into the so-called "hospital" set up by the banking community to maintain confidence in the system as a whole; and the Barcelona-based Banco Industrial del Mediterraneo, which was absorbed by the Banca Catalana group on terms similar to standard "hospital" treatment—ample soft credit provided by the Bank of Spain and its shares bought for a nominal price.

The industrial banks were set up in 1964 at the time of the country's development plans. About 12 were established initially under legislation which attempted to separate commercial from industrial banking and provide new channels of finance for industry. This was in the belief that the existing mixed banks had gained an excessive hold over industry, a degree of control which was inevitable given the autarchic policies followed from the end of the Civil War until 1959, and the lack of a functioning stock market capable of supplying long-term capital to the private sector.

The banks had come to supplant the private investor and even now own what various estimates put at about 50 per cent of the country's industry.

Of Spain's "Big Seven" national banks, the Banco Central, for example, has an industrial group with a combined output about Pta 240bn (£1.7bn), which includes Dragados y Construcciones, Spain's largest building contractor, and the Compania Espanola de Petroleos, the country's second largest refining company.

The country's leading bank, the Banco Espanol de Credito has extensive holdings in the cement, construction, food products, and shipbuilding industries, while the two big Basque banks, Banco de Bilbao and Banco de Vizcaya, are deeply committed in the capital goods, shipbuilding and integrated

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Period of flux for savings banks

THE SAVINGS banks, or *cajas de ahorro*, now occupy a place in the Spanish banking system similar in kind to the British building societies — and, in weight, to the West German savings banks.

Taken along with the postal and rural savings banks, the *cajas* now hold approximately 35 per cent of all deposits in the banking system, equivalent to some Pta 2,975bn, or alternatively just over half the deposits controlled by Spain's "big seven" national banks.

And although they pay among the lowest interest rates in Europe, with a rate of inflation which has come down so far and seems reluctant to go further, they continue to increase their deposits faster than the banks.

Last year the *cajas* grew 20.64 per cent against the banks' 18.88 per cent, while the year before showed growth rates of 20.85 per cent and 18.55 per cent respectively.

This margin of growth at the expense of the banks has no doubt been maintained because of the muffled crisis that has affected sectors of the commercial banking system in the past year, and which has seen one bankruptcy, four admissions into the so-called "bank hospital" (set up by the banking community to maintain confidence in the system as a whole); and one precipitous rescue by a larger commercial bank.

But the savings banks' staple market is the small saver and wage-earner, and the increased share of wages in Spain's national income, following the industrialisation plans of the middle 60s and early 70s, has boosted their influence immensely.

In addition, they are theoretically non-profit making institutions with socially useful investments figuring high in their statement of aims—if frequently not in their record of achievement—and being organised on a regional basis they can reach areas where most banks have no incentive to venture. In some relatively underdeveloped regions the *cajas* are the key native financial institution.

The exception here is Catalonia, where the *cajas* far outstrip the commercial banks in importance, but which far from being underdeveloped, is one of Spain's three key industrial areas.

The Catalan *cajas* account for around a quarter of all deposits held in the savings bank system, a fact partially explained by the historical weakness of Catalan finance capital, but principally due to unhappy memories of the collapse of Catalonia's two great banks following the First World War and prior to the Spanish Civil War.

But the *cajas*, and particularly the larger ones, are now in a position to behave like banks, and can discount commercial paper, take part in foreign currency transactions, and deal in the interbank market.

This follows the reforms of July, 1977, when in addition, the portion of savings bank deposits which has to be invested along lines laid down by the Government (the "coefficients of obligatory investment") was reduced immediately from 69 per cent to 67 per cent, then falling by a quarter percentage point a month, so that it now stands at 62 per cent. This has left the savings banks with more liquidity than at any other time in their otherwise uneventful history.

Cautious

Last year was the first full year in which it was possible to observe the effects of these reforms. The reaction of the *cajas*, as was to be expected, has been cautious. Overall, the *cajas* last year discounted just over Pta 12bn in commercial paper, a not insignificant start for institutions unfamiliar with assessing industrial risks.

In foreign currency operations, the savings banks don't yet command the expertise to play a more than marginal role, and then usually towed in by the banks, although the Catalan Caja de Pensiones, or Caixa, as it is known, the largest of the Catalan savings banks and the country's fifth largest financial institution, has set up an international department.

If the Caixa and other pioneers do well out of their new initiatives, their colleagues will soon follow suit.

But the key area where the changes in legislation of 1977 have not had the desired effect is in the direction of lending by the savings banks. The credit which the *cajas* can dispose of has traditionally been directed towards first home buyers, personal loans to small savers, selected areas of agriculture, small to medium-sized industry, but above all towards the public housing programme and that section of the construction industry associated with it.

The past year has seen a slight but marked change in these priorities. In 1978, credits worth Pta 746.8bn, or 56.6 per cent of all lending were devoted to housing construction, against 1977 figures of Pta 626.7bn, or 57.92 per cent.

This compares with credits to industry last year of Pta 196.3bn (14.87 per cent), against 1977's sum of Pta 146bn or 13.49 per cent of total lending.

In absolute terms, both sums have increased in line with the *cajas*' new-found affluence, but in relative terms the decrease in housing's share of overall lending is marked.

But what was clear as a tendency in 1978 has become accentuated this year, with between Pta 15bn and 20bn being drawn away from the construction industry each month, a clear Pta 200bn in unbuilt houses, averaged out over a year.

There is a strong suspicion that the savings banks are not completing their traditional function, but that in the present squeeze credit is increasingly being diverted towards the lucrative interbank market, or used as a source of ready liquidity for firms connected with leading figures in the savings bank hierarchy.

The Board of the Spanish Confederation of Savings Banks (CECA), for example, has eight members who are also on the Board of 16 leading private firms.

In housing priorities this has been reflected in a net drop of Pta 3.2bn lent for public housing construction in the 18 months from the reform to the end of last year, and a growth of over 80 per cent in loans to private housing projects during the same period.

Elections

But if the 1977 reform was carried out without the savings banks promising any quid pro quo in return, some at least of the holders of Spain's 35m savings bank accounts are likely to get a more forceful say in how their savings should be spent, following the municipal elections, on April 3. For although the reform envisaged a process of semi-democratisation in the savings banks it is clear that this has had only a limited effect — partly because existing board members sit for four years, but in several cases because elections of account-holders to replace them have been thoroughly rigged.

Following the municipal elections, however — the first in Spain for 46 years—those *cajas* which are under municipal or provincial control will partly pass into the hands of whoever wins in that particular area. Some 30 *cajas* out of 82 controlled by CECA will be affected by this move, which will sit from six to eight town hall nominees alongside eight representatives, drawn by lot from account-holders, and four elected members from each *caja's* employees.

How effective this will prove as a means of local control remains to be seen, since the economy ministry has to approve the chairman of each Board, who in turn has the right to overturn the decisions of the rest of the Board.

A less immediate challenge to the savings banks comes from the nationalist and regionalist lobby. In the past, the savings banks' heavy commitment to Government-directed investment frequently meant the decapitalisation of the poorer regions in favour of the richer, since this credit was mostly siphoned into the so-called "privileged circuits" of soft credit to industry.

Those areas with publicly owned or heavy industry usually came off best, so that wealthy Catalonia with a high concentration of savings but few publicly-owned enterprises, and impoverished Andalucia with no industry to speak of and whose emmigrant workers would see their remittances invested almost anywhere but in a job inside their own region, both had some justification for complaint.

The 1977 Reform stipulates that 75 per cent of *caja* investment must take place within its own region, but the Andalucian *cajas* have now written to the Government pointing out that this is still 75 per cent of the 37 per cent of the funds they control and that this will not even approach the needs of the region.

The autonomous governments and councils in each region have yet to acquire economic and political teeth, and those envisaged for them in the constitution will not be very sharp. Not surprisingly therefore, many of them have their eyes fixed on the savings banks as a future source of regional finance, particularly as in several cases, the provincial savings banks will come under their control.

Integration

Savings banks' executives claim to be unconcerned by both these challenges, but the feverish process of integration that has been going on during the past six months tells a different story. CECA has registered fusions between *cajas* in Alicante, Galicia and, most recently, in Barcelona, but there are numerous further projects afoot attempting to fuse what will be in theory publicly controlled savings banks with the private savings banks, and thus pre-empt the results of the municipal elections and the future process of devolution.

In the case of some of the smaller savings banks which have been left exposed by the strong competition for a declining volume of deposits, integration comes as part of the process of consolidation which has been a major feature of the banking system as a whole throughout the past year. The savings banks nevertheless have a fairly comfortable safety net, combining well-spread equity portfolios with strict legislation guaranteeing deposits.

The savings banks are therefore facing a period of flux with on the one hand, growing pressure to bring them under increased local control and public scrutiny, and, on the other, stiffer competition accompanied by rising labour costs and the likelihood of greater liberalisation in interest rates in the future.

Their distinct identity is well-enough established to ensure them something like their present position in the banking system in the future, but there is no precedent in their recent history for this kind of pressure, and it is likely to take some time before they learn to accommodate it.

R.G.

Industrial

CONTINUED FROM PREVIOUS PAGE

steel operations which characterise their area.

This degree of control frequently can be a double-edged sword, since although it is lucrative when business is booming, when large companies get into difficulties as they have frequently during the current recession, the banks have been obliged to pour in more money to protect their investment.

It was hoped that the hybrid institution of the industrial bank would begin to reverse this trend and, above all, provide funds for small to medium-sized industry which would otherwise find the finance needed for expansion hard to come by.

Unlike merchant banks, the industrial banks can and do take deposits, but they were conceived under legislation designed to free the maximum possible funds for industrial investment. So they were allowed to issue bonds, usually placing them with the savings banks.

Definition

There is no standard model to describe the 24 banks which technically fit the industrial bank definition, but four of them are subsidiaries of commercial banks. The legislation which created the industrial banks proved so attractive that many banks simply set up an industrial arm to take advantage of it.

The pattern varies but the standard method is for an industrial bank to take a substantial but not majority holding in a promising enterprise, usually appointing people to its Board to ensure that the company is steered along the lines they envisage. Its objective is then to steer the company towards the stock market, reducing its stake before moving on to another company. This shedding of equity also helps to spread the bank's risks.

This method has worked well for the Banco Urquijo, the only big national bank in its own right among the industrial banks, and the Banco Industrial de Cataluna (BIC), part of the Banca Catalana group. The BIC has helped to turn several family-run firms, suffocated by the limits of self-finance, into key Catalan medium-sized enterprises—the sort of unit on which the region's wealth is based.

The Banco Urquijo on the other hand, has been applying this method on a larger scale since long before the present industrial banks were conceived.

But in the present climate even Urquijo is feeling the pinch, and finding the industrial bank's traditional role of lending to industry increasingly difficult.

The industrial banks have been badly hit by the raising of the "coefficients of obligatory investment," which has been raised from 21 per cent to 23.75 per cent.

The industrial banks are becoming increasingly like commercial banks not only in that they both now give up a similar percentage of their deposits as State-directed investment, but because the commercial banks can now issue bonds, while the industrial banks have not been offered the compensating advantage of discounting commercial paper.

Urquijo and some other industrial banks maintain double the amount of legally-required reserves as a precaution. But along with the gradual drying up of the bond market, about Pta 40bn in bonds placed with the savings banks in the past will be due for redemption each year for the next four or five. A proportion of the bonds which have to be deposited with the Bank of Spain have been freed to help alleviate this, but the strain on the resources of the industrial banks will be very great nevertheless.

All this naturally has had a substantial effect on the industrial banks' lending, which last year rose only 2.5 per cent to Pta 621.5bn, against a rise of 18.9 per cent in 1977, and 28.2 per cent. In 1976, the industrial banks' share of overall credit provided by the banking system dropped from 14.28 per cent in 1977 to 13.93 per cent last year, while the foreign currency element in its lending has nearly doubled since 1976 (Pta 32.3bn) to Pta 61.4bn by the end of last year.

Another element which has reduced the role of the industrial banks in the past 12 months is the size of the financial requirements of companies such as Sarrio and Babcock and Wilcox Espanola, the country's largest paper and pulp concern and capital goods manufacturer, respectively. Sarrio defaulted on debts in September, and needed a Pta 2bn cash injection to resume operations, plus the restructuring of longer-term debt.

This was feasible since the company has a yearly turnover in excess of Pta 13bn and its problems stemmed from incautious over-expansion. But whereas Sarrio's main institutional shareholders are Urquijo and the Banco Central, a consortium which included the Hispano-Americano, Popular and Exterior banks had to be put together before the company's cash-flow problems could be solved.

In the case of Babcock and Wilcox, which suspended all outstanding payments last March with liabilities of Pta 16bn, the industrial banks played no part in refloating the company. The two big Basque banks and savings banks—the most important original shareholders—contributed Pta 900m to the Pta 2.5bn cash injection, while the Government had to come up with a Pta 2bn credit.

The combined effect of all these developments is to put the notion of a specialised sector of the banking system under an increasingly searching light. And the difficulties of the industrial banks in obtaining funds has led many of them to broaden their approach.

David Gardner

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Machine tools and microprocessors

By HAZEL DUFFY, Industrial Correspondent

SLOWLY, and painstakingly, the British machine tool industry is attempting to recover some of the ground in numerically controlled (NC) machine tools which it lost in the early 1970s.

The attempt comes at a time when discussion in research institutes and universities is increasingly about the use of robots—totally automated control devices—in production processes. This is an area where British industry lags far behind the U.S. and Japan, but where there is no shortage of interest, as a packed conference being held at the University of Nottingham this week shows.

Although the future for robots in industry remains uncertain, the growing demand for NC machine tools is a fact which is not in dispute.

NC machine tools fall into two broad categories: those in which the control system gives point-to-point (co-ordinate) positioning, and the more advanced method where it permits continuous path working and therefore the machining of complex parts. The two basic control systems are computer numerical control (CNC), where the machine incorporates a mini computer or a microprocessor (mostly the latter), and direct NC where a number of machines can be largely controlled from a central computer system.

Machine tool manufacturers were one of the first to take advantage of the microprocessor. The rapid development of the "chip" has made computing power available in small and relatively low-cost equipment and it holds out the prospect of increasing the efficiency of machine tools by incorporating monitoring, inspection and testing into the control process.

Mr. Albert De Barr, director of research at the Machine Tool Industry Research Association, wrote recently about the likely effects on machine tools of the microprocessor. "The scope is so wide," he said, "that it is unprofitable at this stage to try to describe particular applications. But manufacturers and users of machine tools should be thinking about the effect on life and markets of, for example, pocket calculators, on-line (computer controlled) seat-reservation systems or credit cards, and to consider that within the next few years microprocessors could have similar far-reaching effects on their activities, too."

Early courage

The story of the NC and the British machine tool industry is a sad example of early courage in developing a new technology, only to be overtaken at a later stage by competitors in other countries. Spurred on by the needs of the aerospace industry in particular, British machine tool companies took the lead during the 1960s. But the inevitable teething problems of a new concept, followed by the recession in the aerospace industry, led to some companies getting their fingers badly burned.

The message for the industry seemed to be that concentrating on the products which it knew about was more profitable. For the most part, these profits were not used to develop computer control. In the late 1960s and early 1970s, the industry's R and D spending virtually collapsed.

But the response to the Government's scheme of assistance for the machine tool industry suggests that such spending has picked up considerably in the last couple of years. The scheme was launched in August, 1975 and closed in December, 1977. The final processing of applications, which has only recently been completed, resulted in £35.8m of assistance being offered, which will generate total industrial investment of nearly £176m.

Product development is probably the most interesting part of the aid scheme. About one-third of the grants that have been offered are for this purpose. If they are all taken up, the industry will be spending £58m on product development over a period of about four years with the help of Government money. In addition, there will be other companies which have gone ahead on their own.

NC products for which assistance has been approved account for 48 per cent of the money offered in the product development category. The Department of Industry's hope is that there will be 12 companies in Britain making NC lathes in 1981—when spending on product development has to be completed—compared with four when the scheme was launched, and that NC machines will comprise 25 per cent of the industry's production in 1981 against 10 per cent today. The fact that the scheme got off to a very slow start means that it had little effect in that sector in the early days, although the results in the categories of new plant and machinery, and new buildings, are more evident.

TI Churchill, part of Tube Investments, used the latter part of the scheme to increase its capability in NC technology. The company recently completed a £3m expansion scheme, for which it received a 25 per cent government grant. New plant and machinery has been installed, and an integrated stores area added. A computer has been purchased to improve control and costing information. The aim of the scheme is to achieve a 20 per cent increase in productivity at the company's factory in the North East.

Two other members of Tube Investments' machine tool division—TI Brookes and TI Matrix—have also used the scheme to introduce new products. TI Matrix recently launched a new NC vertical machining centre (along with NC lathes, these have been the real growth products over the past few years) and TI Brookes is working on the design and development of a deep hole-boring machine. Mr. Brian Bottomley, maanging director of Matrix, says the machining centre has been designed to fill the gap left by depressed orders for the company's traditional grinding machines.

In an industry that is suffering from worldwide over-capacity, NC represents the biggest growth sector. For the user, the advantage of this type of machine tool is that it affords a saving in labour costs and a reduction in the cost of financing work-in-progress because NC machine tools do the job more quickly. They were once thought to be the preserve of larger users, but the simpler tasks that are performed by NC lathes and machine centres (which do a variety of machining jobs) have made the equipment attractive to many small engineering companies.

Alfred Herbert recently came out with its new simple automatic lathe, which it called the Husky, and which has been well received so far. It happens to be the first new product to have come out of the Edgwick plant for 11 years, a fact which is highly relevant to Herbert's commercial and financial problems.

Higher value

Mr. Walter Lees, chief executive of Herbert, says it is the first of a range of products which are in various stages of development, and all of which have received approval for Government aid. Herbert has been offered £4.2m under the scheme, making it the largest beneficiary, about half of which is for product development. The next products to be launched will be more specialised and of higher value, and mostly with computer control. Mr. Lees says "failure to update its range of products was the main reason for Herbert's collapse, and it will be on the success of these new products now that its survival will depend."

In the case of Herbert, Government assistance was a vital factor in its product development programme. For some other companies, it is a moot point whether the availability of a 25 per cent grant towards development costs was the reason for undertaking investment programmes, or whether their motives were wholly inspired by the needs of the market. If the Government makes money available, then companies will usually take advantage of it. Some companies undoubtedly found that the form-filling and visits by Department of Industry officials which Government aid involves were too onerous and decided against applying.

If a company has to provide 75 per cent of the costs, then obviously it is going to think hard about the commercial justification for its own investment as well as the government incentive. But Mr. Howard Barrett, director general of the Machine Tool Trades Association, thinks that the scheme "has definitely brought forward investment, with the result that all the more important companies now have a clear programme on product development."

Adcock-Shipley, owned by the Textron group, is one of the enthusiasts. The company had built up its reputation in standard milling machines. Partly as a result of the scheme, it decided on a two-pronged programme which would both increase its capacity and efficiency in maintaining its traditional product, and make the jump into much more sophisticated milling machines. The company has recently completed new building and equipment projects at its Leicester and Bridlington factories, and is working on a five-year product development programme. Mr. Arthur Aldridge, managing director, says "the scheme was too good to miss. We hope to beat not only the imported competion with our new products, but also to carve out new markets for them in the U.S., Germany and France."

Product types

The Economic Development Committee for the machine tool industry admitted in its 1977 report that the industry had been weaker in the faster growing, more sophisticated product types. Not all product development needs are in the NC field, however. In its latest report, the EDC draws attention to reliability, noise control, safety of operation, more widespread application of electronic and micro-processor-based technology outside the numerical control field, and alternative materials.

Machine tools manufacture has always been an industry which enjoys a high degree of international specialisation. This reflects the wide variety of machines which are required, and the fact that most of them are produced in small batches. Thus companies have tended to build up an international reputation, with probably half a dozen or so making a particular type of machine and selling it throughout the world.

This tidy pattern, however, is being changed by the growing capability of the newly industrialising countries, including Spain and east European countries as well as those in the Far East, for manufacturing the less sophisticated products. At the same time, Japan, which had previously not been a threat in machine tools, is building on its expertise in electronics and capturing a growing share of the market for NC tools.

GROSS INVESTMENT IN MACHINE TOOL INDUSTRY

(£m)

	Plant and Machinery		New Building	
	Current prices	1975 prices	Current prices	1975 prices
1970	10.4	18.6	2.8	n.a.
1971	8.8	14.2	2.3	5.2
1972	6.5	9.8	1.3	2.6
1973	8.2	11.5	0.9	1.4
1974	11.9	14.9	2.5	2.8
1975	9.5	9.5	1.8	1.8
1976	12.9	10.8	1.3	1.2
1977†	23.8	17.0	2.6	2.2
DoI supported investment spread over 3 years		92.1*		21.9*
As an annual average		30.7*		71.1*

* 1979 prices. † provisional.

Source: Department of Industry

Although many British companies are continuing to do well in standard products, the trend must be for the industry to concentrate on advanced technology. This has been recognised for some time. It was the reason for the government rescue of Kearney and Trecker Marwin, which had helped to pioneer NC in the UK.

The most recent trading figures for the industry, however, confirm that the correct balance has not yet been achieved in Britain. The average value of each tonne of machine tool equipment exported last year was £3,250, against £4,060 for each tonne imported. Although these figures over-simplify the issue, they offer some guide to the industry's present product mix. A walk around almost any factory highlights the widespread use of imported machine tools, particularly NC machines.

The Department of Industry is hoping that it will have plugged some of these product gaps with the investment aid scheme, not all of which are in NC. Supertech Engineering, for example, has been offered £77,000 in assistance towards the manufacture and design of welding equipment, with the specific purpose of combating imports.

Landis Lund, owned by Litton Industries of the U.S., makes a range of cylindrical grinding machines and disc grinders, mostly for the motor industry. An expansion programme costing £1.8m has qualified for assistance of £300,000, and the company says that the Government scheme was a factor in encouraging its American parent to expand in Britain.

Other examples are Joseph Rhodes, part of the Lindustries group, which has a grant of £192,000 towards expansion and re-equipping costs of nearly £1m for the manufacture of presses, while on a much smaller scale, Advance Automation Assembly is being assisted towards the cost of £110,000 in setting up a larger factory.

The Government's industry schemes were designed as encouragement for industries to modernise, and increase their competitiveness. In no sense could they enforce the sort of massive changes that are sometimes needed in British manufacturing industry. In spite of the results so far, the current indications are that the scheme is being taken up more slowly than had been hoped. But on product development, at least, it will be another two years or more before a full assessment of the scheme's effectiveness can be attempted. However it seems to have given the industry the push that was urgently needed.

Letters to the Editor

Running a deficit

From the Managing Director, Schlesinger Investment Management Services.

Sir,—I hope that you will permit me to respond to the points made by Mr. Sibley (March 17) and by Mr. Shucksmith (March 21) arising from my letter of March 13.

While one takes the point that the National Debt as a proportion of GNP is much lower now than in 1945, it is difficult to understand the logic that "faced with this trend one is left to wonder to what extent the public sector is really a borrower at all." In money terms the public sector is a very substantial borrower and surely one should look at these things in money terms as opposed to as a proportion of GNP. After all, personal taxation and personal incomes are regarded by individuals in money terms and not as a proportion of GNP. Furthermore, is the fact that National Debt as a proportion of GNP has fallen dramatically of relevance to the finance director in British industry contemplating whether he should or should not borrow at current interest rates fixed for 20-25 years? The primary consideration in making such a decision must be the sustainable return on capital employed from any capital so raised relative to its cost.

Mr. Shucksmith's point relates to the suggestion that if inflation continues at 10 per cent or more the real cost of current borrowings is modest and for corporate debt after corporation tax relief at 50 per cent the real cost is not a cost, but a gain. On this analysis one has to ask why is it that British finance directors are not borrowing substantial amounts in the new corporate debt market. The answer surely is because it is necessary to adjust return on capital for the rate of inflation as well as the cost of borrowings. One can either compare gross return on capital with gross interest cost (ie. gross of inflation) or interest cost net of inflation with return on capital net of inflation. A further major problem of British industry is that the real return on capital is not high enough, but that is to side-track the discussion in another direction.

Several people have written to me saying that the logical explanation of why the authorities continue to borrow vast sums at current interest rates fixed for long periods is that they are making the assumption that inflation is endemic and that inflation will reduce the cost of such borrowings significantly if not totally eliminate the cost. If it is considered by those responsible for making the decision to continue issuing new tranches of long-dated gilts at current yields that inflation will remain at least at current levels, then where does this leave the policy of exchange rate stability favoured by the Prime Minister, the Chancellor of the Exchequer and the Governor of the Bank of England? Mr. Healey has referred to the fact that inflation is the mother and father of unemployment and that exchange rate depreciation causes inflation after a time lag. Both Mr. Healey and the Prime Minister have pointed to the overriding importance of reducing the level of inflation in the UK; is it naive to believe that they meant what they said? Does it follow that they themselves, holding these views, are not responsible for the decision to continue issuing new tranches of long-dated gilts? Is it possible that the permanent civil servants do not agree with the Prime Minister and Mr. Healey on the question of inflation and exchange rate stability? Do the views of the National Institute for Economic and Social Research have greater influence at the Treasury than the views of the Prime Minister and Mr. Healey?

In the last paragraph of my letter I was not arguing in favour of a balanced Budget, but only to make the point that a major reduction in the deficit (if rational analysis concluded that that was the objective) could only take place over a number of years to avoid economic disruption. What lasting benefit was achieved in running a Budget deficit if it resulted in forcing interest rates to current levels? What was the case for financing that deficit by issuing long-dated paper rather than shorter-dated paper? Clearly, neo-Keynesians argue that the deficit creates employment: do they recognise that high interest rates, after a time lag, create unemployment?

While it may be that the answers to these relatively simple questions depend on "unsolved problems at the frontiers of economics," one hopes that the debate has only just begun on these matters.

Peter Baker.
19 Hanover Square, W1.

The battle for Corby

From Mr. W. Lilly

Sir,—Your article (March 21) on the battle for Corby highlights forecasts I made in 1966-1968, yet I get no satisfaction from this and other similar long range predictions as I have never been privileged to have a wonder of a crystal ball but have formed by opinions on firm and proven data for industrial development and sound plant location study techniques.

Corby is a fine town. Its people, the environment in which it is set, and the optimum location it achieves for several manufacturing industries only emphasises the tragedy of the present situation. Unfortunately, apart from the current impact of the proposed steel works closure, one has to go back to around 1965-66 to realise that there was then an absolute adverse attitude by governmental control to the granting of industrial development certificates for new industries, which has continued until most recently.

In those earlier days, I strived as plant location consultant to a major multinational—and with fine co-operation from Corby Development Corporation—to secure an IDC for a large re-location of a Leicester plant suffering from site and labour shortage constraints which, it was found, could be met entirely in Corby. In a totally unreasonable manner an IDC was refused and cogent proven facts were cast aside. In the following years a further four (at least) optimum plant locations could have been determined for Corby, but governmental constraints were so rigid that all efforts were killed off before even the birth of negotiation. Had these studies led to new plant investment in Corby at least 12,000 new jobs would have been secured plus, I would forecast, at least 5,000 further new jobs by reason of normal growth expansion.

More recently governmental control has been eased but economic and other factors are now so much worse as to make a resolution more difficult. During the long period of refusal of IDCs—in many otherwise optimum location areas, including Corby, I was also privileged to be concerned with British Steel Corporation from 1966 for redundancies (through to 1970) at Port Talbot, south Wales, which proved to be a most successful operation, but in this case the former Steel Company of Wales looked well ahead thus making the task more realistic. It is now very late in time, but perhaps not too late for Corby's present crisis.

W. Gordon Lilly.
4, Sandhurst Close, Sanderstead, South Croydon, Surrey.

Engineers pay

From Mr. R. Couldrey.

Sir,—Mr. G. Johnson (March 21), bemoans the low salary status of engineers, with particular reference to those in research and development. He, and other readers, will be pleased to know that the tide is definitely turning.

The latest REWARD salary survey showed that engineers from all disciplines received an annual increase of 20.4 per cent. This was well above the general rate for management which was 13.6 per cent. The field was led by chemical engineers (up 30.4 per cent) and was followed by electrical and electronic engineers with a rise of 22.2 per cent. The rates are not specific to R and D but analysis for last autumn confirms this trend with research and development departmental heads receiving 21.7 per cent and section heads 21.0 per cent.

Robert F. Couldrey.
Reward Regional Surveys.
1 Mill Street, Stone, Staffs.

Reforming the rate

From the Prospective Liberal Parliamentary Candidate, Wolverhampton NE.

Sir,—Mr. Burridge (March 10) forgets that council tenants pay rates, too. Admittedly they are hidden in the rent, but nonetheless bear heavily on wage-earners who are just above the assistance level.

It is becoming ever clearer that Labour/Tory tinkering with the system is useless. Radical reform is the only answer. Liberals have long said that a local income tax, regionally administered under devolved local government, and forming part of a national tax credit scheme, would sweep away anomalies and unfairness. As an interim measure, we would like to see the costs of education (the largest item by far) transferred to the Exchequer.

Rates are as outmoded as the old Schedule "A" property tax, and like it, should be consigned to the fiscal dustbin as soon as possible.

Larry McLean.
84 Codsall Road, Wolverhampton.

What husbands should know

From Mr. R. Sloan

Sir, — Eamonn Fingleton's article "National Insurance: what wives should know" (March 17) explained that married women currently paying the reduced 2 per cent NI contribution would generally be advised to step up to full contributions. While I agree with his general conclusions, I feel that certain further points should be made.

He assumes that the best alternative savings vehicle for wives with contracted-in employers is a personal pension plan, which however ignores the fact that several million contracted-in employees also belong to occupational pension schemes and would hence have only the added value contribution option open to them. The assumption that being contracted-in is synonymous with having no occupational pension scheme is quite prevalent, but quite wrong.

It is interesting to extend Mr. Fingleton's analysis for wives to an examination of the similar impact on husbands. Using his same arithmetic, I reckon that a contracted-out man aged 45 (or above) earning £100 per week would pay an extra £105 NI contributions on contracting-in, in return for which he would receive benefits with a total value in today's money of £627, if he is assumed to live for 12 years in retirement. We must of course not overlook the fact that his employer would also pay extra NI contributions of £188, making £293 in total, but still considerably less than the £627 benefit value.

I would not go so far as to suggest that contracting-in is invariably the better buy for all men and women, but Eamonn Fingleton's approach would certainly appear to support this contention.

R. K. Sloan,
Martin Paterson Associates.
9, Albyn Place, Edinburgh.

Electrifying the rails

From the Chairman, Railway Development Society

Sir,—One of the advantages of a rolling programme of railway electrification in this country would be to provide a strong home market for our railway industry.

The world's railways are estimated to have a "shopping list" of about £10bn, much of it for electrification projects. As the motor industry keeps telling us a strong home market is essential for success in overseas markets. The same reasoning applies to the railway industry.

R. V. Banks.
Savernake, 121, Ashford Road, Bearsted, Nr. Maidstone, Kent.

Facts and reasons

From the Managing Director, Fine Tubes.

Sir,—I read Wilfred Brown's "How managers should talk to employees" (Management Page, March 19) with growing concern; it is sad when a manager of Lord Brown's eminence recommends the continuation of discredited policies which lie at the very heart of our industrial malaise.

Management has been, and is, engaged in a battle for the minds of men. It has increasingly lost the battle—and just possibly the war—because it has not been prepared to recognise that a battle exists.

In today's industrial scene, a manager's first responsibility is the communicate his objectives to those for whose activities he is responsible and to ensure that his message is received and fully understood. This includes not only the facts but the underlying reasons.

If he is to fulfil this prime responsibility, Lord Brown not withstanding, the successful manager will need, on occasion, to communicate person-to-person with every single employee—in small groups of not more than about 25 please—and he will require to deploy to the full all of his powers of argument and persuasion. Needless to add, there is no place for biased representation, if for no other reason than that it is counter-productive.

This communications responsibility cannot be delegated, and certainly not to shop stewards; nor can it be accomplished by letters or notices, frequent or infrequent.

The challenge for the manager is to earn the confidence and trust of those who work with—not "for"—him. With this achieved, to paraphrase Lord Brown's final sentence, "The results . . . will be astounding."

T. M. Barclay.
Estorer Works, Crownhill, Plymouth.

Actual working time

From the General Secretary, Association of Professional Executive Clerical and Computer Staff

Sir,—A lot of attention has been given to the question raised by Mr. N. Trotter MP for Tynemouth about effective working time in British Shipbuilders yards.

The fact is that a great deal of the time not effectively used arises from bad organisation in so far as work is not available in the right place at the right time and that if the flow of work were properly planned and organised something like half the waiting time could be eliminated.

Mr. Trotter used his question to the Secretary of State for Industry as the basis for an attack upon British Shipbuilders and upon workers in the industry. It is, therefore, interesting that the secretary of our Tyne shipbuilding branch sent to Mr. Trotter, in December 1976, prior to nationalisation, the transcript of the BBC programme "The risk business" which highlighted the question of effective working time and Mr. Trotter at that time advised our branch that he read the transcript with interest.

As my branch secretary has indicated to Mr. Trotter he did not ask a question of the Industry Secretary about the issue then, presumably because the industry was still in private ownership at that time.

British Shipbuilders tabled proposals to improve organisation and working efficiency some six months ago. What we need is support for the industry not bad publicity for purely political ends which will be quoted by our competitors throughout the world.

It is a pity that Mr. Trotter, representing a shipbuilding constituency, has less concern for the industry than he has for making party political points.

Roy A. Grantham.
22, Worple Road, SW19.

Today's Events

TODAY'S EVENTS

GENERAL

UK: National Union of Public Employees' executive decides whether to end health service dispute.

TUC General Council meets, London.

Labour Party national executive committee meets, London.

Road tanker hazard labelling regulations come into force.

Overseas: President Giscard d'Estaing of France starts three-day official visit to USSR.

Representatives from North and South Yemen meet in Kuwait to resolve conflict.

IATA meets in Geneva to discuss price rise because of fuel cost increase.

PARLIAMENTARY BUSINESS

See Parliamentary News on Page 10.

COMPANY MEETINGS

AC Cars, AC Works, High Street, Thames Ditton, Surrey, 4. Alcan Aluminium (UK), Britannia Hotel, Grosvenor Square, W, 2.30. Ashdown Investment Trust, 120 Cheapside, EC, 2.30. Attock Petroleum, Quaglino's, 16 Bury Street, St. James's, SW, 12. Bank Leumi (UK), 4-7 Woodstock Street, W, 11. Camford Engineering, Argyle Works, Argyle Way, Stevenage, 12. Colonial Securities Trust, 117 Old Broad Street, EC, 12.15. Drake and Scull, The Churchill, Portman Square, W, 11.45. Edinburgh American Assets, Caledonian Hotel, Princess Street, Edinburgh, 12.15. Empire Plantations and Investments, Empire House, 123 Kennington Road, SE, 11. Glass and Metal, Connaught Rooms, 62 Great Queen Street, WC, 10.30. Lancashire and London Investment Trust, Winchester House, 100 Old Broad Street, EC, 10.45. Moorside Trust, 44 Bloomsbury Square, WC, 10.30. Pleasurama, Park Lane Hotel, Piccadilly, W, 12. Prestige Group, Prestige House, 14-18 Holborn, EC, 12.

Grattan reduces shortfall with second half pick-up

FOLLOWING the disappointing midway result when pre-tax profits fell £1.62m to £4.47m, Grattan Warehouses, the mail order concern, made some recovery in the second six months to leave the total lower at £10.65m for the year ended January 31, 1978, compared with the record £11.76m previously. Sales, excluding VAT, rose from £154.74m to £175.6m.

The directors say trading demand for the autumn/winter catalogue during the second half was strong and sales increased by over 21 per cent in line with the company's commitment to improve market share.

Trading profits during the period improved by 14 per cent reflecting more competitive pricing as well as additional costs of computerisation and modernisation.

The plan to increase the number of lines and step up recruitment of new agents, combined with computerisation and modernisation, is proceeding as forecast.

Initial demand from this year's spring/summer catalogue, with a substantially increased range of merchandise, has maintained the improvement seen in autumn 1978, the directors report.

Stated earnings per 25p share were 15.68p (14.26p) and the final dividend is raised from 3.802p to 4.425p net, bringing the total payment to the maximum permitted 6.211p (5.562p), costing £2.73m (£2.45m).

See Lex

Freddie Mansfield

Mr. Michael Pickard, chairman of Grattan Warehouses.

Gibbs and Dandy advances

ON TURNOVER up from £9.03m to £10.69m Gibbs and Dandy lifted taxable profits for 1978 from £403,472 to £473,944. At midway the group raised pre-tax profits £132,875 to £174,951.

The dividend per 10p ordinary and A share is increased from £1.819p net to 2p. And there is a scrip of one non-voting A share for each ordinary and each non-voting A share.

Tax for the period takes £147,696, against £106,193.

Comparative figures have been restated because of a change in deferred tax policy.

The group is a builders' merchant, ironmonger, tool merchant and electrical wholesaler.

Wilmot Board wants 135p cash for its support

BY JOHN MOORE

The board of Wilmot Breeden has considered the 115p a share surprise revised offer from Rockwell International, made late last Friday, and decided that it is not enough.

Before the Wilmot board is prepared to back any bid of Rockwell, through recommending it to shareholders, it wants a 135p cash offer to be made.

At that price a value of £28m would be placed on the whole of the company.

Wilmot is also planning, through its advisers Morgan Grenfell, to make representations to the Takeover Panel over the behaviour of Rockwell.

The Panel has been questioning Rockwell's advisers over its rapid change of mind last week on indicated offers for the company and why, when Rockwell was publicly offering 95p per Wilmot share on Monday, it was prepared to offer 115p by Friday.

Wilmot said last night tat it believed "that a merger with Rockwell would not be against the interests of the employees, suppliers and customers

"Subject to the receipt of certain assurances regarding the continuity of employment and pension entitlements of employees, the board of Wilmot Breeden will be informing the Offive om Fair Trading that it knows of no reason for the merger to be referred."

But Wilmot added: "The proposed offer significantly undervalues Wilmot Breeden and should be rejected."

Wilmot is prepared to recommend an offer by Rockwell of "135p in cash for all the ordinary shares in Wilmot Breeden not already owned by Rockwell, accompanied by an appropriate offer for the whole of the preference share capital."

Wilmot is planning to write to shareholders giving its reasons for rejecting Rockwell's proposed offer of 115p "after the despatch by Rockwell of its formal offer document." In the meantime shareholders are "strongly advised to take no action in relation to the offer."

Zenith well down at £281,000 and cuts dividend to 2.62p

IN THE second six months of 1978, Zenith Carburetter Company incurred a pre-tax loss of £65,000, against a £437,000 surplus last time, which left full year profits well down from a record £1.32m to £281,000. Turnover fell £0.52m to £11.24m.

At the trading level, there was a loss of £145,000, compared with £831,000 profit, before investment income reduced from £326,000 to £302,000 and lower deposit interest of £124,000 (£160,000).

Stated earnings slumped to 2.5p (10.8p) per 50p share and the net dividend is cut from 4.39775p to 2.625p.

Tax took £136,000 (£683,000) and there was an extraordinary credit of £163,000 (£117,000).

The company, which has "close" status, is ultimately held by Compagnie Industrielle et Financière.

● **comment**

Zenith Carburetter's results show a disastrous fall in pre-tax profits from the respectable levels achieved in 1976 and 1977. Zenith blames low demand and while the background for motor component suppliers over the past 12 months has hardly been healthy it is difficult to understand how the company has turned in turnover figures roughly comparable to its 1977 peak (though admittedly implying reduced volume) and still trade at a loss. Moreover, the Ford strike presumably had little impact since that motor manufacturer now makes its own carburetters and is therefore not a customer. Meanwhile pre-tax profits have been saved by investment and deposit income of £425,000 which reflects cash or near cash of around £6m. This does not represent an impressive return and shareholders will no doubt hope that the company soon carries out its intention to acquire some more successful activities. Meanwhile, the lorry drivers' dispute has apparently provided a gloomy start to the current year. At 80p the shares are on a p/e of just under 31 while the yield (on an uncovered dividend) is 5.1 per cent.

Industrial dispute leaves Boddingtons' on £3m

INDUSTRIAL action affected both volume sales and profits at Boddingtons' Brewery in 1978. Again with just over £1.7m taxable earnings coming in the second half, the Manchester-based brewery finished the year with surplus little changed at £3.03m, against £3.07m.

An advance of £0.26m to £3.39m at the trading level was offset by lower investment income and higher depreciation and finance charges.

Free trade sales continued to rise and represented some 15 per cent of total turnover which was ahead from £17.91m to £18.58m.

The current year has started reasonably well and despite the bad weather volume has improved on the same period of last year, Mr. Ewart Boddington, the chairman reports.

"Although costs have increased during the year, we have the benefit of a recent lift in prices; our local beers remain popular and are still competitively priced. We have good reason, therefore, to look for further progress in 1979."

As forecast in November a net final dividend of 1.51p per 25p share effectively raises the total payment to 2.91p (2.606p) on capital increased by scrip issue.

The company's £1.64m development programme, which has already substantially increased productive capacity, is almost complete. A further £1.2m is earmarked for the next phase, bringing total expenditure to around £2.84m.

18—18—18—18—

	1978 £000	1977 £000
Sales	18,582	17,914
Trading profit	3,393	3,130
Investment income	25	156
Finance charges	81	67
Depreciation	243	153
Pre-tax profit	3,094	3,066
Tax†	1,020	1,063
Net profit	2,074	2,003
Credits	78	30
Attributable	2,152	2,033
Dividends	718	589
Retained	1,494	1,444

† Deferred tax treated in line with SSAP 15.

● **comment**

● Industrial unrest bit into Boddington's margins last year disappointing analyst's expectations of a pre-tax surplus of £3.4m. A strike early in the year cost Boddingtons a full two weeks of production and a three week overtime ban cut into the summer output. The brewery now is confident that industrial troubles can be kept to a minimum in 1979. The main growth area remained the network of free trade outlets where sales have risen from 9 per cent in 1976 to 15 per cent of the total last year and look likely to top 17-18 per cent this year. A £1.6m development programme is beginning to pay off but this, combined with an additional £1.2m investment plan, has increased interest payments and slowed profit growth. An improved distribution system forms the hub of this investment drive but it is unlikely to come into full operation before the beginning of 1980. Boddington's continues to lean heavily on its local brews which, with the increasing demand for "traditional ales," has proved a profitable formula. The shares at 106p are at a low-tax p/e of 11.3 and a yield of 4.2 per cent.

23% improvement gives United Newspapers £6.9m

ON AN 18.7 per cent increase in turnover United Newspapers improved 1978 pre-tax profits by 23 per cent to £6.86m. At the interim stage the profit advance was from £2.85m to £3.65m.

All the company's major activities—newspapers, magazines and commercial printing—made their contribution to the year's improved performance, with the turnover figure rising from £48.33m to £57.4m. Within that figure, the revenue from newspaper advertising expanded by over 18 per cent to almost £29m, with a 7 per cent increase in volume. A particular feature was the buoyancy of the classified market.

Over £4.6m was spent on technological development and on improving working conditions, the largest single item being the completion of new plant and premises at Northampton.

The directors report that the first few weeks of the current year were adversely affected both by bad weather and by industrial action, but trading has now reached a satisfactory level.

Tax for the year under review took £2.34m (£2.17m) and stated earnings per 25p share rose from 48.45p to 64.6p. The net total dividend is raised, from 14.10159p to 15.60995p with a final payment of 9.23248p.

The pre-tax profit included investment income of £448,000, compared with £502,000, the downturn being due partly to a decline in average interest rates and partly to a reduction in sums invested. At the year end the company's cash resources amounted to £4.51m.

● **comment**

Profit growth at United Newspapers slowed in the second half. The main reason was the NUJ dispute in the final quarter which forced the group to reduce the number of pages in its publications. Smaller papers led to reduced advertising volume and lower margins. For the year as a whole, advertising revenue was well up with both classified and display advertising showing volume increase of approximately 8 per cent and 5 per cent respectively. The share price jumped 7p to 355p yesterday and, although strikes and poor weather have hit the trading performance in the opening weeks of the current year, there is a strong possibility that the full year will see another increase in the profits on the back of buoyant revenues. The shares are trading on a p/e of 5.4 and a yield of 8.7 per cent. The rating is lower than that of most provincials.

HIGHLIGHTS

Lex considers the real value of sterling, currently boosted by rising oil reserves and looks at Sime Darby in the wake of its lapsed bid for Guthrie Corporation. Grattan Warehouses has shown some second-half recovery. Elsewhere, Wilmot Breeden is making strenuous attempts to resist the controversial offer from Rockwell while Mills and Allen has placed its stake in William Whittingham. Brent Chemicals has launched its third rights issue in four years to pay for a small German acquisition, while pre-tax profits in 1978 climbed by 19 per cent. After consultations with the Treasury, Equity and Law Life has increased its dividend by 16 per cent while profits from Ricardo Consulting Engineers, Appleyard and Boddington Breweries all climbed appreciably. The coupon on yearling issues fell by ½ per cent to 11¼ per cent.

Appleyard near £2m in buoyant car market—and confident

TRADING LOSSES, amounting to £0.39m, arising during reorganisation of its Glasgow business, slowed growth at Appleyard Group of Companies, vehicle distributor and retailer, in 1978. Even so taxable profit climbed to a record £1.95m, from a restated £1.38m, on sales £38.6m higher at £128.3m.

In September the directors said that demand for new cars had been exceptional in the first six months. Though they warned that reorganisation costs would continue to have some effect they expected a satisfactory outcome for the year.

BL factories are now producing cars of good quality, at a steady rate, which should enable the car manufacturer's market share to be increased. Also Ford main dealerships have now recovered from the damaging effects of the strike and are making a very healthy contribution to Appleyard's profitability.

Although business was affected by the adverse weather conditions at the beginning of 1979, the car market is reasonably buoyant and the directors remain confident about the full-year results.

The tax charge for the 12 months was up at £0.53m (£0.32m) leaving stated earnings per 25p share lower at 17.45p (19.15p).

The net total dividend is stepped up by 27.2 per cent to 6.25p (4.914p) by a 4p final as forecast.

A change in accounting policies has released £2.05m in deferred tax to shareholders' funds and there is an £86,000 depreciation provision on freehold and long leasehold buildings. Comparatives have been adjusted.

Over two-thirds of total profit in 1978 came from Rolls-Royce, Ford, Budget Rent-a-Car, commercial vehicles, fuel oil distribution, credit financing, contract hire and leasing. The changes at Glasgow were in line with the BL refranchising programme.

Liquidity, which was improved by some £1.8m during the year by disposals related to the rationalisation of franchises throughout the group, was enhanced by a further £2.8m this March when a new stock financing scheme was introduced by BL Cars.

As a result of negotiations with its bankers Appleyard has replaced existing secured medium-term loans of £1.8m, due in 1982, by £2.6m unsecured medium-term loans running to 1986.

A revaluation of group properties at year-end showed a net surplus of £1.43m over book value.

As known, the group is currently negotiating to buy James Tweedie's motor business and premises at Ayr, which have an estimated value of £0.54m. This would give Appleyard the franchises for Jaguar, Daimler, Rover, Triumph and Land-Rover making it the sole BL distributor in that territory.

	1978 £000	1977 £000†
Sales	128,254	89,664
Operating profit	1,682	1,170
Share of associate	263	214
Pre-tax profit	1,945	1,384
Cars	1,303	913
Commercial	256	162
Agricultural	—	56
Fuel oil	123	29
Finance	263	214
Tax	529	330
Net profit	1,416	1,054
Pref. dividends	20	20
Ord. dividends	499	270
Retained	897	774

† Restated.

● **comment**

The backbone of Appleyard's profits remains the car market so it was hardly surprising that throughout the year the group attempted to reduce its dependence on BL cars. By spreading its network of suppliers, Appleyard appears to have anchored its long-term position in the market. Fitting into this pattern, the acquisition of the four Endeavour companies provided some important Ford main dealerships, and a significant contribution to profits. Commercial vehicle sales also improved, thanks mainly to the success of Scania in Scotland. The agricultural machinery division however, only just managed to break even, reflecting a bad year for farmers and a constriction of farm budgets. The major blow to Appleyard's margins came from trading losses in the North following the restructuring of three depots in Glasgow. This move, in line with the BL refranchising programme, is seen as a one-off event and is unlikely to affect this year's margins. The shares at 95p are on a low-tax p/e of 5.2 and a yield of 9.2 per cent.

Blue Bird progress checked

MARGINALLY lower taxable profit of £326,510, against £364,045, is reported by Blue Bird Confectionery Holdings for the half year to December 23, 1978. In the second half the road haulage dispute and severe weather reduced demand in the early part of 1979, and some export business has been lost through the disruption of shipments with resultant loss of earnings.

However, a substantially lower tax charge of £35,344, against £146,428, for the half year left earnings per 25p share up 2.07p at 8p.

Overseas sales were buoyant during the six months but the growth of home sales slackened leaving turnover up £0.73m at £5.62m. Expansion of sales in certain markets is being limited by the strengthening of sterling, the directors point out.

The net interim dividend is effectively stepped up to 1.26p (1.015p)—last time a 1.2773p final was paid from record profit of £0.94m.

The West Midlands-based company was formerly known as Harry Vincent.

West of England jumps midway and forecasts further increase

NET TAX profits of West of England Trust jumped from £217,000 to £500,000 in the half year to December 31, 1978.

Mr. A. E. M. Harbottle, the chairman, says the rate of earnings in the second half is likely to exceed that of the first. But he does not expect to see the same level of increase which took place last year when group profits totalled £866,000.

He adds that all three divisions contributed to the first-half increase, and they have continued to trade satisfactorily in the third quarter.

After minorities and extraordinary debits attributable earnings for the half year come out at £455,000, against £168,000. Stated earnings per 25p share are well up from an adjusted 1.39p to 3.08p.

Mr. Harbottle says the group policy of reducing its holdings of associated companies has been completed with the sale in the second half of the Marshall's Universal holding, and the reduction of the Spafax Holdings stake to 19.5 per cent.

The half-year results include only the dividends due from these companies. The figures for the corresponding period last year and for the whole year have have been adjusted to give a better comparison.

The chairman adds that the investment division has acquired an interest in Hong Kong in the company which acts as its Far East representative. The banking business has been strengthened by the incorporation of Tyndall Bank (Isle of Man). These steps show the importance of the overseas business. The group is planning additional overseas development and hopes to carry out further projects in 1979.

The legal and financial services division has agreed terms to acquire Just and Co.'s business of company registration and search agents in London as from April 3, 1979.

Industrial and commercial investments benefited from the first full half-year earnings of Matthias Spencer and Woodberry Chillcott. Both produced satisfactory contributions. A development programme at Woodberry Chillcott has been started, and as a first step a new steel warehouse in Bristol will be completed and brought into operation in the near future.

As forecast at the year-end the group is paying a second interim dividend of 0.65p net. A first interim of 0.3683p was paid on November 10 last year. The total payment for the year ended June 30, 1978, was 1.5317p.

	Six months 1978 £000	Six months 1977 £000
Operating profits after tax	585	291
Invest., assurance & banking	392	244
Legal & financial services	47	36
Industrial & commercial services	146	11
Interest and management charges	85	74
Profit after tax	500	217
Minorities	5	2
Extraordinary debits	40	47
Attributable	455	168
Dividends	164	104
Retained	291	64

Brent Chemicals £0.6m cash call

Brent Chemicals International is to raise almost £630,000 through a one-for-three rights issue at 20p. The proceeds will be used to finance the acquisition of Reinke of West Germany for which a £685,000 consideration has recently been agreed.

The specialist chemical manufacturer has Bank of England approval to pay £395,000 of the sum from UK resources, and will fund the residual payment through German bank loans.

Reinke makes and markets a range of speciality chemical products and profits, steady over the past four years, totalled £132,000 in the 10 months to 31 October, 1978. Net assets on that date were around £184,000.

BCI sales during 1978 rose by almost 16 per cent to £22.03m and pre-tax profits climbed 19 per cent to £2.66m. On a reduced tax charge, earnings improved 37 per cent to 16.3p per share.

Brent's own operations were free of industrial disputes but inevitably a significant amount of business was lost because many of its important customers suffered disruption.

	1978 £000	1977 £000
Sales	22,033	19,009
Operating profit	2,748	2,335
Interest charge	90	101
Profit before tax	2,658	2,234
Tax	1,067	1,095
Minorities	78	53
Exchange gain	26	†66
Extraordinary credit	—	67
Attributable	1,539	1,087
Dividends	401	247
Retained	1,138	840

† Loss.

Overseas markets were more settled and activities abroad made good progress in general, although political uncertainties adversely affected industry in Spain.

The net total dividend for the year is raised to 3.44p and, on the assumption that dividend controls will continue after July 31 this year, the Board intends to make a total payment of 3.747p for 1979.

● **comment**

After three rights issues in four years, it is difficult to avoid the conclusion that Brent Chemicals is keeping its powder dry to make a big acquisition. Certainly Reinke does not fall into that category any more than the Shwarz Services takeover last December where the £456,000 price contained a substantial deferred element. The rights issue discount is huge but the yield, on the forecast payment for 1979, is still a mere 2.5 per cent at the ex-rights price. The p/e of 13.7 on stated earnings is a similar reflection of the investment attraction of an industry where fixed investment is low, where the impact of feedstock price increases is minimal and where the return on capital is very high. Brent achieved a 67 per cent return last year with the best performance coming from the food brewing and institutional division. Given the long lead times required of a successful green field development, acquisition is the only route into new product areas and with gearing still at no more than about a fifth, Brent retains the resources to stay on the takeover trail. The share climbed 10 yesterday to 295p.

Yearlings down to 11¼%

The coupon rate on this week's batch of local authority yearling bonds has dropped slightly from 11½ per cent to 11¼ per cent. The bonds are issued at par and are due on April 2, 1980.

The issues are: Lothian Regional Council (£1.35m), Nuneaton Borough Council (£0.5m), Doncaster Metropolitan Borough Council (£1m), Three Rivers District Council (£0.25m), Bassetlaw District Council (£0.5m), North East Fife District Council (£0.5m), Radnor District Council (£0.25m), Kirklees Metropolitan Borough Council (£0.75m), Middlesbrough Borough (£0.5m), City of Salford (£0.5m), Allerdale District Council (£0.25m), Beverley Borough Council (£0.5m), Brentwood District Council (£0.25m), London Borough of Lewisham (£1m), Slough Borough Council (£0.5m), South Wight Borough Council (£0.25m), Grimsby Borough Council (£1m), Metropolitan Borough of Rotherham (£0.5m), Nuneaton District Council (£0.25m), Greater Manchester Passenger Transport Executive (£0.5m) and Lanark District Council (£0.25m).

Rochford District Council is raising £0.39m through the issue of 12 per cent bonds due on March 25, 1981 at par. The City of Canterbury is raising £0.25m by way of 12½ per cent bonds due on June 24, 1981 at par.

Bonds with a coupon of 12½ per cent are being issued by West Dorset District Council (£0.5m) and City of Stoke-on-Trent (£1m) due on March 24, 1982 and March 23, 1989 respectively, both at par.

Radnor District Council is issuing £0.25m three-year variable rate negotiable bonds at £99¾ per cent maturing on March 24, 1982 at a margin of 1¼ per cent over six months LIBOR.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Appleyard	4	—	3.29	6.25	4.91
Bestwood	1	—	0.91	1	0.91
Blue Bird ....int.	1.26	April 23	1.02*	—	2.29*
Boddingtons' Breweries	1.51	—	1.27*	2.91	2.63*
Brent Chems.	2.44†	August 3	2.01	3.44	2.86
Brocks Group	2.26	July 3	2	3.8	3.4
City and Intl. Tst. int.	2	April 28	1.5	—	4.7
Dufay Bitum.	1.76	May 18	0.83	2.35	1.42
Equity and Law	7.75	June 21	6.79‡	7.75	6.79‡
Gibbs and Dandy	2	—	1.82	2	1.82
Grattan Warehouses	4.43	—	3.8	6.21	5.56
Ricardo ....int.	2.75†	April 20	1.15	—	2.92
Utd. Newspapers	9.23	June 13	8.2	15.61	14.1
Wace Group	1.06	—	1.05*	1.76	1.58*
W. of England sec. int.	0.65	April 30	—	—	1.53
Wilkinson Warburton	3.95	June 5	3.51	5.71	5.11
Zenith Carb.	2.63	April 17	4.4	2.63	4.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.1p for tax change.

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Second-half push lifts Dufay to £863,000

A 47 per cent leap in taxable profits for 1978 is reported by Dufay Bitumastic, the surface coatings group. After a second-half upsurge the surplus went up from £585,000 to £863,000 on turnover ahead from £9.81m to £10.31m.

At midway pre-tax profits advanced from £308,000 to £375,000. Second-half profits were more than 70 per cent up on the previous year.

Mr. C. Attwood, chairman, says sales for the first two months of this year are higher than those for the corresponding period in 1978. The increase was achieved in spite of the industrial unrest which hit deliveries to and from the seven manufacturing units.

He adds that the 47.5 per cent profits rise—which was better than anticipated at the time of the September rights issue—was achieved by improved results from all divisions.

The 1978 results, he says, did not enjoy any stimulus from demand for pipe enamel, but sales of the product this year have started well and inquiries are at a record level.

At the end of last year the chairman said that group sales and profitability were down because of a worldwide collapse in the demand for pipe coating enamels.

As forecast earlier this year, when fighting off the bid from Camrex, the final dividend is lifted to 1.75794p net per 10p share, for which Treasury approval has been given. The total is raised from 1.42041p to 2.345p. Earlier this year the group said it intended to pay a total of 2.68p for the current year.

Stated earnings per share are up from 3.6p to 4.8p after tax, and from 3.6p to 5.2p including an extraordinary item this time of £45,000. Net asset value was shown at 45p per share.

Dufay's subsidiary Dufay Titanine pushed up taxable profits from £441,000 to £469,000 on sales down from £6.1m to £6m. Tax takes £168,000, against £148,000.

The comparative figures of both the parent company and subsidiary have been restated to reflect adoption of SSAP 12 and SAP 15:

	1978 £000	1977 £000
Sales	10,314	9,814
Trading profit	1,005	742
Interest	142	157
Profit before tax	863	585
Taxation	332	184
Profit after tax	531	401
Extraordinary credit	45	—
Attributable	576	401
Dividends	261	156
Profit retained	315	245

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: BPM Holdings, A. Beckman, Sanderson, Murray and Elder.

Finals: Authority Investments, Bambers Stores, Barton and Sons, R. Cartwright, FC Finance, Feb International, Hanger Investments, Home Counties Newspapers, Legal and General Assurance Society, London Intercontinental Trust, Manders, Prudential Corporation, Rotork, Royal Worcester, Schroders, Shana Ware, Slough Estates, Stag Furniture, A. G. Stanley, York Trailer.

FUTURE DATES

Interims—	
Peters Stores	Apr. 4
Samuel Properties	Mar. 29
Wankie Colliery	Mar. 30
Finals—	
House of Fraser	Mar. 29
Macfarline Group (Clansman)	Apr. 2

• comment

Dufay's full-year results—profits are 48 per cent higher—reflect a successful programme of diversification away from pipeline enamel, demand for which collapsed in the wake of the oil crisis. Markets have now been found for new products and applications in both the paint and bitumastic divisions, where profits increased by 14 per cent and 100 per cent respectively. With non-pipeline outlets now secured, the trading picture is now looking much healthier, although there is still some way to go for a full recovery to the peak levels of 1974. Inquiries have resumed on the enamels side as more countries, especially the U.S., seek to reduce their dependency on Arab oil. If these are translated into firm orders, Dufay will be well placed as the company has just finished refurbishing its enamels plant. In the event, the bitumastic division will once again become the group's principle profits earner. At 50p the shares yield 7.3 per cent while the p/e is 10—a rating which anticipates further growth.

Brocks passes £1m again

A JUMP of £0.39m in second half taxable earnings enabled Brocks Group of Companies, producer of electronic and security equipment, to push the fulltime surplus in 1978 back over the £1m for the first time since 1974.

Before a tax charge of £32,350, against a credit of £14,842, profit was ahead from £0.69m to £1.01m. Sales were up £0.27m at £6.12m.

Midyear profit was down from £0.57m to £0.49m.

Earnings per 10p share are stated ahead from 4.17p to 11.12p. As forecast the net total dividend is lifted to a maximum permitted 3.801p (3.404p) by a final of 2.261p and a one-for-five scrip issue is proposed. After waivers dividends cost £0.31m (£0.29m).

A £39,600 ex-gratia payment has been made to a former director.

There was a £0.36m transfer to tax equalisation reserve last time. No provision has been made for deferred tax.

	1978 £	1977 £
Sales	6,119,465	5,853,466
Pre-tax profit	1,013,650	693,248
Tax	32,350	†14,842
Net profit	981,300	708,090
To tax equal. res.	—	337,744
Ex gratia payment	39,600	—
Dividends	308,762	288,320

†Credit.

Ricardo makes headway and prospects are good

Ricardo Consulting Engineers pushed pre-tax profits ahead from £406,630 to £500,845 in the six months to December 31, 1978, and Mr. D. Downs, chairman, says prospects for the company and its subsidiary, G. Cussons, are good.

He reports that the company is continuing to progress in a satisfactory manner. Ricardo is working at full capacity so that its resources are under some pressure. However, Cussons' new orders, particularly from the Middle East, have been coming forward more slowly than had been anticipated at the beginning of the year.

First half earnings per 25p share are shown to have risen from 12.7p to 17.1p and, as forecast at the time of the rights issue last August, the net interim dividend is stepped up from 1.15p to 2.75p. Last year's total payment was 2.9185p from profits of £943,035.

Turnover for the six months advanced from £2.56m to £3.43m. Tax for the period took £8,074 against £115,546 and the attributable balance improved from £289,334 to £491,021.

The company operates as a research and consulting engineer, primarily in the internal combustion engine field.

• comment

Ricardo's share price has climbed more than 100p since last August's rights issue and, assuming second-half profits growth similar to the first six months and a negligible tax charge, the shares at 368p stand on a prospective p/e of 9.2 and yield 2.9 per cent. Fully taxed the p/e rises to more than 19 and, while the shares admittedly trade in a thin market, this rating may be a fraction high, although the track record has been very consistent. Nevertheless the interim figures reveal another good performance, and while Middle East orders for Cussons' educational equipment are currently a bit slow the trend is not likely to show up this year. Elsewhere, the main consulting operation is working to full capacity and taking on new staff. Industrial sales are also expanding, helped on by the demand for energy-saving developments.

Equity & Law Life has good year and pays 16% more

AN INCREASE of 16 per cent in dividend has been declared by Equity and Law Life Assurance Society for 1978. Subject to Treasury approval the payment will be 7.75p per share compared with 6.6867p for 1977; with the associated tax credit, the 1978 payment will be 11.5672p per share. The directors are also recommending an additional dividend for 1977 of 0.1p per share arising from the reduction in ACT.

The shareholders' allocation of profit from the long-term funds advanced by £212,000 to £1.57m. Gross investment income on shareholders' funds showed little change after expenses and tax at £150,000. After allowing for a £60,000 drop in the market value of assets, the profit available for shareholders amounted to £1.66m against £1.71m in 1977.

The consolidated revenue account shows that annual premium income rose by nearly 13 per cent from £75m to £84m, while single premium income nearly doubled from £16m to £30m. Total premium income at £114m exceeded £100m for the first time.

Gross investment income jumped 30 per cent from £45m to £59m. Claims, expenses and taxation accounted for £76m against £68m in 1977. After allowing for a decrease in the market value of assets and a transfer to investment reserve, long-term business funds advanced by £88m over the year to £717m.

The company invested significantly lower proportions of its new money in the gilt market last year, compared with the previous years. Fixed-interest investments accounted for £27m against £48m in 1977. Unlike most other life companies, Equity and Law made a significant return to the equity market last year investing £19.5m, while property accounted for a further £20.6m. Overseas, mostly in Holland, almost all the new money was invested in fixed interest—£9.9m out of £11.8m.

At the end of the year, the UK fixed interest holdings stood at £291m by market value, equities at £196m and property at £179m. The company has completed its planned programme of re-orientating its portfolio and in future is likely to be a more active equity investor.

• comment

The shareholders of Equity and Law received a substantially higher payout in 1978 from the life funds, the company operates a strict 9 to 1 split on profits between policyholders and shareholders. But it experienced certain difficulties in persuading the Treasury to allow it to pass on this benefit immediately. It appears to have won its case that cover should be calculated ignoring changes in market values of assets and the dividend is lifted by 16 per cent. Last year was a good year for new life business, one factor in the increase in shareholders' vprofits. The company has now completed its slimming down of the equity and property proportions in the portfolio and returned to these markets in a big way last year. The share price eventually remained unchanged at 210p where the yield is 5.7 per cent gross.

Wace surges to £0.6m but strikes affect 1979

TAXABLE PROFITS of Wace Group, printing plates supplier, rose from £135,200 to £596,129 in 1978, before deducting pre-acquisition profits of £255,995 this time. Turnover expanded from £2.27m to £5.42m including £3.02m sales for Gee and Watson.

At halfway, profits were higher at £156,500 against £75,530.

The directors say trading at the beginning of the current year has suffered from the industrial unrest in the UK. Shortages of paper and newsprint in particular restricted press advertising in January.

The benefits of the Gee and Watson acquisition, they add, should accrue during the year, but political and other uncertainties make any forecast for 1979 unwise.

After tax for the year of £155,093 (£60,100), earnings are shown as 21.88p on full year's results, and 12.2p (4.72p) after deducting pre-acquisition profits.

The total net dividend is effectively raised from 1.575p to a maximum permited 1.7587p, with a final of 1.058p. The directors state they would have wished a substantial dividend increase but, because the group did not make a payment in 1972, this is not allowed under present legislation.

A one-for-three scrip issue is proposed, with an increase in authorised share capital to £600,000 by the issue of 1m ordinary shares.

There is an extraordinary debit of £31,200 compared with £1,950 last time.

Profits of Gee and Watson before tax and extraordinary items amounted to £359,400. Adjustments have been made under pre-acquisition profits to exclude pre-acquisition trading from January 1 to September 18, 1978.

Hensher expands at midway

Pre-tax profits of Hensher (Furniture Trades) moved ahead from £217,018 to £341,863 in the six months to September 30, 1978, and the directors say that the full year should show a satisfactory increase over last year's £610,550.

First half profit was struck on turnover of £2.86m (£2.21m) and was after investment income £32,319 (£28,139) and net rents receivable £44,026 (£30,241).

Tax absorbed £178,000 (£113,000) and earnings per 10p share are given at 3.4p (2.1p).

BIDS and DEALS

Many parties showing interest in European Property Invest.

European Property Investment Company, for which the Dutch group Wereldhave made an unsuccessful bid late in 1977, has announced the appearance of "a number of parties interested in the possibility of taking a participation in the company." One of the talks has gone as far as initial discussion of a full-scale bid.

EUPIC is capitalised on the Amsterdam stock market at nearly £41m (Dfl 140 per share) and has a property portfolio valued at £44m. This consists of 11 properties spread throughout Belgium, France and Germany, of which the largest is the 30,000 sq ft Rembrandt building in Amstelveen, outside Amsterdam.

It was set up in 1973 under the aegis of Morgan Grenfell, the merchant bank now acting for it, to provide a vehicles for institutional investment in property in Europe. The major shareholders are still the five initiating banks. MEPC was a founder member but sold its stake; other significant shareholders are Robeco and Wereldhave, and several UK institutions.

Wereldhave's bid in 1977 never got off the ground because it failed to notify the Amsterdam Stock Exchange of its approach within the required number of days. In the past two months Wereldhave has again been unsuccessful in bidding for English Property Corporation which now seems certain to go to a private Canadian company, Olympia and York.

HEYWOOD WILLIAMS

Building materials group Heywood Williams has sold its loss making South African interests to a former director.

The group explained yesterday that "South Africa has been trading at a loss for the past two years and the anticipated result for the year to April 30, 1979, is a loss of over £100,000."

It has sold all its South African operational assets for approximately £150,000 to Mr. A. G. Jooste, a director of the group, who resigned from that position last week.

In addition, Heywood Williams has retained its freehold properties in Cape Town, Durban and Johannesburg, the first two being occupied by the subsidiaries and the Johannesburg property being separately tenanted. Options to purchase these properties have been given to Mr. Jooste and the Johannesburg tenant for a total of about £650,000.

Interest on the sale proceeds and/or rental income, the group says, "will ensure a profit for 1979/80 of not less than £60,000."

A notice convening an extraordinary general meeting of the company is to be dispatched to shareholders on April 4.

Post trouble hits Lonrho vote

THE GROWING postal disruption could affect the outcome of the vote at Lonrho on the composition of its Board.

Gulf Fisheries, the Kuwaiti company which holds about 21 per cent of Lonrho's shares, is seeking to unseat two Lonrho directors and replace them with two of its own nominees.

But Gulf's advisers, Robert Fleming, said yesterday that Gulf't circular advancing its reasons for representations on the Board, although dispatched on Monday morning, had not arrived in some City offices by first post yesterday.

Proxy cards indicating the voting must be returned by shareholders not later than 10 am next Monday.

Lonrho's circular, fighting the Gulf move, was dispatched on March 16.

Mr. Paul Spicer, one of the Lonrho directors who might be replaced as a result of the Kuwaiti company's initiative, said yesterday: "It is difficult to say what effect this is going to have, but we are not going to flap too much."

Robert Fleming said: "It does not do any good, but we shall be doing some sampling to-morrow to see whether the circular has got through. We will phone a few shareholders to see whether things have been arriving."

NOBLE GROSSART BUYS INTO GULLIVER HOTELS

Noble Grossart has subscribed for a 19½ per cent equity interest in Gulliver Hotels, which was formed by James Gulliver Associates and Mr. David Newlingward.

Gulliver bought the Watermill Hotel and White Horse Inn at Bourne End, near Hemel Hempstead in November and has recently purchased the Swan Hotel at Streatley-on-Thames.

WHITTINGHAM STAKE PLACED

The major shareholding in William Whittingham bought by Vavasseur in 1973 months before the secondary bank's collapse, has finally been split up.

Yesterday Whittingham's board announced that after "extremely amicable" discussions, Mills & Allen International had placed the whole of its 14.02 per cent stake with "a wide spread of institutions."

The stake had been held in the name of Hambros Bank Nominees. It was Hambros which led the rescue of Vavasseur in 1974.

TAYLOR PALLISTER

London and European Group has increased its stake in marine engineers, Taylor Pallister to within 0.45 per cent of an automatic bid. In the market TP's shares were unchanged at 93p.

London, which bought the original 27.7 per cent stake from East Rand Consolidated last May, is an industrial holding company whose interests cover property investment, dealing and merchant banking. In 1977 it bid successfully for civil engineers O. C. Summers.

MATTHEW HALL

Matthew Hall Engineering is acquiring the manpower services business previously offered by Vickers Offshore (Projects and Development) in Aberdeen. Further expansion of the business is planned.

The company, to be called Matthew Hall Engineering Offshore Services, will be assuming the lease on the Vickers' office in Aberdeen.

Airsprung tops £1m mark with 43% increase

PROFITS BEFORE tax of Airsprung Group, maker of beds and bunk beds, jumped 43 per cent from £0.82m to a record £1.17m for 1978, on sales up 37 per cent to £12.84m.

After a tax charge in accordance with S.S.A.P. 15 and minorities, net profits rose from £514,000 to £845,000.

Earnings per £1 share are shown higher at 16.9p (10.3p) and, subject to Treasury consent, the dividend total is lifted from 3.6p to 4.7p net, with a 2.4 final.

The company's shares are traded by M. J. H. Nightingale and Co.

Mr. J. G. W. Yates, the chairman, says despite adverse weather conditions and external industrial problems, management accounts indicate that results for the first two months of 1979 are in line with the same period last year.

He adds that the group is well placed for future progress and is in a position to take advantage of any available opportunities.

Following the growth of export and mail order sales, the need for additional storage and packaging facilities has been met by acquiring a 21-year lease of a modern building close to the company's main premises.

The group has embarked on an extensive development and expansion programme to be spread over the next few years.

Bestwood expands to £78,000

Pre-tax profits of Bestwood Company, investment holding concern, increased from £60,481 to £78,021 in 1978, on higher turnover of £686,374 against £556,545.

At halfway, when profits were down from £26,098 to £20,260, the directors said the indications were that full-year profits were likely to be comparable with those of 1977.

After tax for the year of £20,067 (£11,375), earnings per 15p share are shown at 3.71p (3.15p). The net dividend is stepped up from 0.905p to 0.9955p.

The deferred tax accounting policy has been changed and no provision has been made because the deferral of such tax is expected to continue.

Full provision would have resulted in an additional £17,847 (£16,552) tax charge. Comparisons have been restated.

Saint Piran injunction postponed

The injunction sought by the ginger group at Saint Piran to restrain certain offshore nominee shareholders from voting at the EGM on Friday has been postponed for a second time.

On this occasion it has been the Board of Saint Piran which has asked for a delay to consider the evidence brought forward by the ginger group. Last Thursday it was the dissidents who asked for a postponement in order to bring in evidence from abroad.

The ginger group alleged yesterday that information given about the offshore nominees was "unlikely to be true." It claims that this is in breach of the Companies Act 1976. The brief hearing yesterday was before Mr. Justice Slade. The next hearing will be on Thursday.

JOHNSON MATTHEY

Johnson, Matthey and Co. announces that acceptances were received in respect of 10.2m new ordinary shares of £1 each, representing about 96.3 per cent of the total number of new ordinary shares offered by way of rights.

New ordinary shares not taken up have been sold at a premium and the proceeds (estimated to be 45p per share) will be remitted in due course.

Sydney aims to run a clean gem game

BY KENNETH MARSTON, MINING EDITOR

AT THE MOMENT the market in Australian diamond exploration stocks is fairly quiescent but it can be expected to become more lively again when the commencement of the dry season in Western Australia at about the end of April allows a quickening in the tempo of prospecting activity.

So far, the market in diamond exploration stocks has been respectably conducted in comparison with the excesses that tarnished the wild nickel exploration boom of a decade ago. In those days it was a case of "anything goes" and among the things that went was Leopold Minerals' alleged high value drill core—after the shares had soared in price from A$1 to nearly A$9.

The Sydney Stock Exchange is determined to prevent a repetition of sharemarket manipulation occurring in the diamond stocks. It is well aware that the present situation offers the opportunity for the unscrupulous to indulge in the time-dishonoured practice of "salting."

Salting is the process of fraudulently enriching prospecting results; in the case of diamond grab samples this could be achieved by the simple method of adding to them rough diamonds obtained from elsewhere. Obtaining the stones would not necessarily be difficult and the introduction of them to samples might be easily done at many sites where security arrangements are primitive, to say the least.

Superficially, diamonds from one location appear to be little different from those obtained elsewhere. But in a report to the Sydney Stock Exchange the British mining consultancy, Robertson Research, has pointed out that there are sophisticated techniques capable of characterising individual stones.

Not enough work has been done on the diamonds recovered so far from the Western Australian Kimberleys to provide a comparative standard, but it may be possible to tell whether diamonds from one particular testing programme are indistinguishable or not from those recovered from a different area.

Another difficulty is that the close examination of diamonds could take several days and it could be difficult to suspend trading in a company's shares every time a diamond discovery was announced. However, the fact that the Exchange is now considering these and other suggestions for preventing fraud that have been put forward by the consultants may act as a deterrent to malpractice.

Mavericks always exist, but an important difference between the diamond prospecting rush and the wild nickel boom is that most of the smaller exploration companies are in joint ventures with major partners of high calibre such as Conzinc Riotinto of Australia and Selection Trust.

From an investment point of view there could well be exciting times ahead and if a notable success is achieved at any one venture—CRA's Ashton prospect is the popular favourite—shares of the rest of the field could also be given a fillip.

Among the many companies involved, those connected with CRA include Ashton Mining and Northern Mining while those linked with Selection Trust include North West Mining, Haoma, Jones Mining, Carr Boyd Minerals, Alkane, and Hill Minerals. Then there are Western Queen, Lennard Oil, Magnet Metals, Otter Exploration, Spargo's, Bamboo Creek, Samantha and, inevitably, De Beers.

At this early stage of the speculative game no specific recommendations can be made; the field is wide open. The only advice that can be given is to keep an investment down to expendable proportions, avoid chasing rising prices and if a good profit turns up, take it graciously and leave some for the next man.

S. Africa's booming uranium industry

URANIUM OUTPUT in South Africa last year totalled 4,531 tonnes, the highest level since 1962, and earned some R500m (£289.4m) in foreign exchange, Quintin Peel writes from Johannesburg.

The re-emergence of South Africa as one of the world's largest uranium suppliers has been underlined by the success of Nuclear Fuels Corporation (Nufcor) in signing contracts for spot and long-term sales totalling some R1.3bn in the 1977-78 financial year.

Output is "fast approaching the levels achieved during the height of the 1950s uranium boom," and total output could "be almost doubled" by 1985, the Chamber of Mines said yesterday in its latest monthly report.

The bullish comments on South Africa's uranium prospects touch an area in which all information is strictly controlled by the South African Atomic Energy Board. The restrictions mean that no details are given about contracts, buyers, or prices.

The survey points out that export earnings for uranium have increased in the past five years from only R70m, and revenue is expected to continue increasing "with the further strengthening of the world uranium market." Nufcor is expected to conclude at least as much new business in the present financial year as it did in the last, it says.

Whereas uranium output has been seen in the past as no more than a by-product of gold mining, it is increasingly regarded as a primary product, and its prospects have been the major factor in efforts to recover uranium from abandoned gold dumps.

The report says that many expansion plans have already been covered by forward financing contracts with customers, suggesting that there is good security for the planned increase in output.

There are currently 17 uranium producers in South Africa compared with only seven in 1965, and a peak of 26 in the 1950's.

Nufcor's uranium treatment plant, which collects ammonium diuranate slurry from the mines and produces uranium oxide from it, has been recently improved to provide a considerable increase in its originally planned ultimate capacity of 6,000 tonnes of concentrate annually.

The report concludes that South Africa's domestic consumption of uranium, initially just at the Koeberg nuclear power plant being built in the Cape, will not have any great effect on the overwhelming concentration on exports.

Clydesdale Bank taking positive steps to expand internationally

Clydesdale Bank, Midland Bank's wholly owned Scottish subsidiary, expects a good year in 1979 despite predicting a slowing down in industrial investment in the U.K.

It is expanding its international business which last year accounted for 16 per cent of income, a much lower proportion than for either of its two main rivals, the Bank of Scotland and the Royal Bank of Scotland.

Until this year Clydesdale had relied on its parent bank for most of its overseas transactions, but has now set up its own international division based in Glasgow with branches in London and the main Scottish cities.

An exceptional relief of £5.99m in bad debt provisions largely accounted for the 48 per cent rise in the bank's pre-tax profits from £14m to £20.7m announced earlier this month.

A change in the treatment of bad debt provisions in the accounts means that recoveries were now shown in a single year rather than being spread over 5 years.

This, coupled with the better experience regarding bad debts in the last few years—compared with the difficult period of 1973-1975—made the exceptional relief possible.

However, this boost to profit was partly offset by deductions of £718,000 for revaluation of property and £1.7m as the cost of productivity payments, made for the first time last year, and a back dated profit sharing scheme.

At year end total assets were up 13 per cent at £1.13bn and liquidity was at a high level with liquid assets at £383m exceeding current liabilities by over 35 per cent.

A programme to equip all branches of the bank with electronic equipment, which can be used by both customers and tellers, is now underway and the bank intends to maintain its policy of providing free banking for any customer who keeps his account in credit.

Profit of Northern Bank, another Midland subsidiary, rose £1.88m to £11.07m in 1978, before tax of £5.46m, against £4.64m. Last time there were exceptional debits of £1.83m.

Centrovincial turnround to £0.2m midway

Net revenue before capital items of Centrovincial Estates was £202,000 in the six months to September 30, 1978, compared with a £134,000 deficit in the half-year to September 25, 1977.

In the last full year there was a £458,000 loss.

The directors say a £163,000 increase in net income from UK properties over the corresponding period has been largely offset by a fall in overseas income due to sales in the previous year.

The second half, they say, should show a further rise in UK net income of more than £100,000, which again will be partly offset by a fall in overseas income following the sale of the U.S. property.

The directors have continued their policy of reducing borrowings, particularly those overseas guaranteed from the UK.

The sale of the AMA building in New York for £13.9m was completed on February 1. Sales of UK properties, including dealing properties, will have realised about £4m by the year-end. Further negotiations are in hand, the directors add.

The group's total borrowings are expected to be reduced from £41m at March 25, 1978, to about £27m at March 31, 1979. Of the latter figure, medium- and short-term borrowings at March 1979 will be some £10m (£20m).

There is again no dividend, but the directors intend to recommend a final of 1.35p—the first payment since 1973-74.

	Six months 1978 £000	1977 £000
Net income	1,614	1,785
Dealing profits	276	—
Interest payable	*1,101	*1,455
Revenue before tax, develop. interest and provisions	989	330
Develop. interest	425	339
Revenue before tax	564	19
UK	696	298
Overseas	†132	†307
Tax	362	125
Net revenue before capital items	202	†134

* Excluding development interest. † Deficit.

Return to profit at Oceana Hldgs.

A £2,436 profit in the half-year to October 31, 1978, is reported by Oceana Holdings, compared with a £52,746 loss last time. In 1977-78, there was a loss of £137,000.

Sales of the group, which has interests in linen and equipment hiring and laundering, were down from £477,297 to £144,996. There is no tax charge.

The directors say the results do not include those of the Haper Plastics subsidiary because since October 31, 1977 it has gone into liquidation.

They are disappointed this was necessary because it had recently begun to attract substantial orders. However, it was unable to ensure support from its bankers and therefore had no alternative but to cease trading.

The linen hire side has continued to grow and trade profitably, the directors add.

There is again no dividend for the half-year.

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CURRENCIES, MONEY and GOLD

Dollar and pound strong

...e dollar rose quite sharply ...ews that the Organisation of ...oleum Exporting Countries ...reached agreement to raise ...prices by 9.05 per cent on ...l 1, plus surcharges depend...on market conditions. This ...rather less than the foreign ...ange market had feared and ...dollar improved against other ...r currencies, with the ...ption of sterling.

...the early afternoon, the ...d fell to a low point of ...85-2.0495 on the OPEC ...uncement, but other curren... were even weaker and ...ined so until the end of the ...while sterling recovered to ...unchanged at $2.0530-2.0540. ...so opened at $2.0530-2.0540, ...touched a best level of ...70-2.0580 in the morning.

...e pound's trade-weighted ..., as calculated by the Bank ...England, rose to 65.6 from ...and stood at 65.6 at noon ...65.5 in the morning.

...e dollar's index, on Bank of ...and figures, rose to 84.7 from ...while according to Morgan ...anty, the dollar's trade-...hted depreciation narrowed ...3 per cent from 8.7 per cent. ...terms of the D-mark, the ...currency rose to DM 1.8645 ...DM 1.8570, and improved ...SwFr 1.6850 from SwFr 1.6815 ...ist the Swiss franc. It rose ...207 from Y206.50 in terms ...e Japanese yen.

...e Danish krone remained ...strongest currency in the ...pean Monetary System, ...tly ahead of the Italian lira ...he second day running, with ...Irish punt continuing to ...eciate in line with the ...gth of sterling.

...relation to ECU central ...at the start of the EMS on ...h 13, the Danish krone has ...eciated by 1.1869 per cent, ...ared with 1.0994 per cent ...onday, while the Italian lira ...risen by 1.1384 per cent, ...ared with 1.0800 per cent, ...the Irish punt by 0.5424 per ...compared with 0.1624 per

...e Dutch guilder has fallen ...0.0368 per cent from its ...al rate, compared with ...9 per cent on Monday, while ...French franc has fallen by 0.0959 per cent, compared with an appreciation of 0.0140 per cent previously. The D-mark has depreciated by 0.3848 from its central rate, compared with 0.3123 per cent on Monday, and the Belgian franc has fallen by 0.9235 per cent, compared with 0.8498 per cent previously.

This means that since the system began the krone has strengthened against the lira by 0.05 per cent (0.02 per cent); the punt by 0.64 per cent (0.94 per cent), the guilder by 1.22 per cent (1.41 per cent); the French franc by 1.28 per cent (1.08 per cent); the D-mark by 1.57 per cent (1.41 per cent); and the Belgian franc by 2.11 per cent (1.95 per cent). Monday's figures are in brackets.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8632 against the D-mark, compared with DM 1.8640 previously. The U.S. currency improved from around DM 1.8570 in the morning, helped by OPEC's decision on oil prices. The rise of 9.05 per cent from April 1 plus possible surcharges was not as large as the market had feared. In later trading the dollar rose to DM 1.8580, but eased back to DM 1.8636 by mid-afternoon.

MILAN — The lira improved slightly against the dollar and most EMS currencies, but lost ground against the pound and Danish krone. The Bank of Italy was a net seller of dollars in official trading at the fixing. The U.S. currency fell to L839.45 from L840.05, and the D-mark declined to L450.33 from L450.59. The Dutch guilder eased to L417.04 from L417.45. Sterling rose to L1,721.60 from L1,715.55, and the Danish Krone to L162.20 from L161.98.

TOKYO — The Bank of Japan may have intervened in a small way to support the yen in the morning, but movements against the dollar were within a narrow range throughout the day. The U.S. currency opened firm at Y207.40, but drifted down to a low point of Y206.85 at the end of the morning. Some technical buying towards the close pushed the dollar up to finish at Y207.02½, compared with Y206.42½ on Monday.

THE POUND SPOT AND FORWARD

March 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0485-2.0580	2.0530-2.0540	0.45-0.35c pm	2.34	0.77-0.67 pm	1.40
Canada	2.3950-2.4050	2.3995-2.4005	0.40-0.30c pm	1.75	0.75-0.65 pm	1.17
Nethlnd.	4.11-4.14½	4.12¾-4.13¾	2½-1½c pm	5.81	5⅞-4⅞ pm	5.20
Belgium	60.20-60.60	60.45-60.55	35-25c pm	5.95	75-65 pm	4.63
Denmark	10.59-10.65	10.63½-10.64½	1½ore pm-½ore dis	0.56	½pm-1½dis	−0.19
W. Ger.	3.80½-3.84	3.82½-3.83½	3¼-2¼pf pm	8.62	7⅝-6⅝ pm	7.44
Portugal	98.50-99.00	98.65-98.95	30-100c dis	−7.89	80-220 dis	−6.07
Spain	141.00-141.35	141.15-141.25	10c pm-40c dis	−1.27	par-120 dis	−1.70
Italy	1720-1725	1722½-1723½	2½-½lira pm	1.04	2½-½ pm	0.35
Norway	10.45½-10.49½	10.47-10.48	4½-2½ore pm	4.01	8¼-6¼ pm	2.77
France	8.78-8.82½	8.80¾-8.81¾	4½-3½c pm	5.46	8¾-7¾ pm	3.74
Sweden	8.93½-8.97½	8.95½-8.96½	3-1ore pm	2.68	7¾-5¾ pm	3.01
Japan	422-428	424¾-425¾	2.90-2.55y pm	7.69	7.45-7.10 pm	6.84
Austria	27.92-28.07	28.02-28.07	22-12gro pm	7.27	52-42 pm	6.70
Switz.	3.44-3.47	3.45¾-3.46¾	4-3c pm	12.13	10¾-9¾ pm	11.70

Belgium rate is for convertible francs. Financial franc 61.15-61.25. Six-month forward dollar 1.12-1.02c pm; 12-month 2.32-2.22c pm.

THE DOLLAR SPOT AND FORWARD

March 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0485-2.0580	2.0530-2.0540	0.45-0.35c pm	2.34	0.77-0.67 pm	1.40
Ireland†	2.0485-2.0580	2.0530-2.0540	0.45-0.35c pm	2.34	0.77-0.67 pm	1.40
Canada†	85.51-85.59	85.56-85.59	0.7-0.4c pm	0.77	0.9-0.6 pm	0.35
Nethlnd.	2.0045-2.0120	2.0100-2.0120	0.77-0.67c pm	4.30	2.10-2.00 pm	4.08
Belgium	29.35½-29.46	29.44-29.46	9-8c pm	3.46	22-20 pm	2.85
Denmark	5.1645-5.1800	5.1785-5.1800	par-0.50ore dis	−0.58	1.25-1.75dis	−1.16
W. Ger.	1.8573-1.8635	1.8625-1.8635	1.03-0.93pf pm	6.31	2.90-2.80 pm	6.12
Portugal	48.00-48.20	48.10-48.20	35-50c dis	−10.59	100-165dis	−11.01
Spain	68.69-68.80	68.75-68.80	2c pm-8 dis	−0.70	12-22 dis	−0.99
Italy	838.80-839.30	838.90-839.30	0.50-0.90lire dis	−1.00	1.40-1.90dis	−0.79
Norway	5.0930-5.0990	5.0980-5.0990	1.05-0.55ore pm	1.88	2.00-1.50 pm	1.37
France	4.2770-4.2880	4.2870-4.2880	1.20-1.10c pm	3.22	3.00-2.85 pm	2.73
Sweden	4.3560-4.3620	4.3610-4.3620	0.85-0.65ore pm	2.06	2.30-2.10 pm	2.02
Japan	206.75-207.00	206.80-207.00	0.98-0.85y pm	5.39	2.90-2.80 pm	5.51
Austria	13.62-13.66½	13.66-13.66½	6¾-6gro pm	5.60	20½-18½ pm	5.71
Switz.	1.6825-1.6840	1.6825-1.6835	1.55-1.45c pm	10.69	4.48-4.38 pm	10.53

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

March 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	13	0.629834	0.661498
U.S. $	9½	1.26675	1.35329
Canadian $	11¼	1.50228	1.58119
Austria Sch.	3¾	17.5867	18.4927
Belgian F.	6	37.8980	39.7935
Danish K.	8	6.67695	7.00802
D mark	3	2.39850	2.51848
Guilder	6½	2.58894	2.71917
French Fr.	9½	5.51694	5.79750
Lira	10½	—	1135.75
Yen	3½	265.585	279.252
Nrwgn. K.	7	6.57208	6.90247
Spanish Pes.	8	88.5387	93.1877
Swedish Kr.	6½	5.61795	5.90265
Swiss Fr.	1	2.17088	2.27840

CURRENCY MOVEMENTS

Mar. 27	Bank of England Index	Morgan Guaranty changes %
Sterling	65.6	−38.9
U.S. dollar	84.7	−8.6
Canadian dollar	80.6	−16.9
Austrian schilling	146.6	+19.3
Belgian franc	114.5	+14.8
Danish kroner	118.1	+6.8
Deutsche Mark	150.2	+41.5
Swiss franc	194.5	+81.6
Guilder	124.9	+20.7
French franc	99.4	−6.3
Lira	54.4	−49.1
Yen	139.4	+37.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Mar. 27	£	$		£ Note Rates
Argentina Peso	2347-2367	1143-1152	Austria	27¼-28¼
Australia Dollar	1.8310-1.8350	0.8916-0.8936	Belgium	60¾-61⅝
Brazil Cruzeiro	45.98-46.98	22.39-22.88	Denmark	10.56-10.66
Finland Markka	*8.15½-8.16½	3.9700-3.9750	France	8.73-8.83
Greek Drachma	74.381-76.188	36.22-37.10	Germany	3.75-3.85
Hong Kong Dollar	10.2350-10.2525	4.9840-4.9975	Italy	1,700-1,740
Iran Rial	147.85-154.01	72-75	Japan	422-432
Kuwait Dinar (KD)	0.560-0.570	0.2755-0.2756	Netherlands	4.07-4.17
Luxembourg Frc.	60.45-60.55	29.44-29.46	Norway	10.42-10.52
Malaysia Dollar	4.5110-4.5210	2.1970-2.2015	Portugal	93-99
New Zealand Dlr.	1.9405-1.9465	0.9450-0.9480	Spain	140.00-145.00
Saudi Arab. Riyal	6.85-6.95	3.3600-3.3610	Switzerland	3.40-3.50
Singapore Dollar	4.4710-4.4810	2.1770-2.1820	United States	2.0500-2.0600
Sth. African Rand	1.7325-1.7425	0.8435-0.8485	Yugoslavia	40-43

Rate given for Argentina is free rate.
*Rate for Finland Markka £ on March 26 should have read 8.1420-8.1490.

...CHANGE CROSS RATES

Mar. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
...l Sterling	1.	2.054	3.838	425.3	8.813	3.463	4.133	1723.	2.400	60.50
...ollar	0.487	1.	1.865	207.1	4.291	1.686	2.012	839.1	1.169	29.46
...chemark	0.261	0.536	1.	111.0	2.301	0.904	1.079	449.9	0.627	15.80
...ese Yen 1,000	2.352	4.829	9.006	1000.	20.72	8.142	9.718	4052.	5.644	142.3
...h Franc 10	1.135	2.330	4.346	482.6	10.	3.932	4.689	1965.	2.723	68.65
...Franc	0.289	0.593	1.106	122.8	2.545	1.	1.194	497.6	0.693	17.47
...Guilder	0.242	0.497	0.927	102.9	2.132	0.838	1.	416.9	0.581	14.64
...Lira 1,000	0.580	1.192	2.223	246.8	5.115	2.010	2.398	1000.	1.393	35.11
...ian Dollar	0.417	0.856	1.596	177.2	3.672	1.443	1.722	717.9	1.	25.21
...n Franc 100	1.653	3.394	6.331	702.9	14.57	5.723	6.831	2848.	3.967	100.

...RO-CURRENCY INTEREST RATES

...he following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.40-10.50 per cent; six ...s 10.70-10.80 per cent; one year 10.65-10.75 per cent.

Mar. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
...t term	12¾-13	10¼-10½	9-10	6¾-7	⅛-¼	4 1/16-4 3/16	6⅝-6¾	7-10	—	7½-14½
...y's notice	12¾-13	10¼-10½	9-10	5½-5¾	⅛-¼	4⅛-4¼	6⅞-7⅛	10-11	10 5/16-10 7/16	4⅛-5 1/16
...h	12¾-12⅞	10⅜-10⅝	10⅞-11¼	6⅛-6¾	1/16-3/16	4⅜-4 7/16	7 1/16-7 5/16	10½-11½	10⅜-10½	5-5⅛
...months	12¼-12⅜	10¾-11	10⅞-11¼	6⅝-6⅞	3/16-5/16	4⅝-4 11/16	8-8¼	11¼-12¼	10 11/16-10 13/16	5 1/16-5 3/16
...onths	11⅝-11¾	10 15/16-11 1/16	10 15/16-11 1/16	6 11/16-7 1/16	⅝-¾	5-5 1/16	8⅜-8⅝	11¾-12¾	10⅞-11	5¼-5⅜
...year	11¼-11⅜	10⅝-10⅞	10 15/16-11 3/16	7-7¼	1⅛-1¼	5 1/16-5 3/16	9¼-9½	12¼-13¼	10 15/16-10 13/16	5-5⅛

...ong-term Eurodollar deposits: two years 10 5/16-10 7/16 per cent; three years 10⅛-10¼ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal ...ng rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates ...ngapore.

...TERNATIONAL MONEY MARKET

...New York rates steady

...S. interest rates showed ...e change yesterday with the ...inued shortage of paper pre-...ing any easier trend. Certi-...es of Deposit moved slightly ...er for a time however on ...s of the increases in oil prices ...ded by OPEC. Treasury bills ...e quoted around Monday's ...l at the auction with 13-week ...at 9.48 per cent (9.498 per ...) and 26-week bills at 9.43 ...ent (9.437 per cent). Federal ...ls traded very quietly at 10-...per cent, hardly changed ...n Monday.

...NKFURT—Interbank money ...s were unchanged yesterday ...n Monday, with call money at 4.40-4.50 per cent, one-month money at 4.30-4.40 per cent and 12-month money at 5.00-5.20 per cent.

PARIS—Interest rates showed little change yesterday with call money at 6¾ per cent, unchanged from Monday and one-month money at 6⅝-6⅞ per cent. Longer term rates remained steady at 7-7⅛ per cent and 7¼-7⅜ per cent for three and six-months respectively, while the 12-month rate eased slightly to 7 11/16-7 13/16 per cent from 7¾-7⅞ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7⅜-7½ per cent for one-month and 7⅜-7½ per cent for three-month, both unchanged from Monday. The spread on six-month deposits widened to 7⅞-7⅞ per cent from 7 15/16-8 1/16 per cent while 12-month deposits rose slightly to 8⅛-8⅜ per cent from 8⅛-8¼ per cent.

AMSTERDAM — Call money remained at 7-7¼ per cent yesterday but longer term rates were firmer. One-month money rose to 7¼-7⅜ per cent from 7-7¼ per cent and the three- and six-month rates were also quoted at 7½-7⅝ per cent from a previous common close of 7-7¼ per cent.

HONG KONG—Conditions in yesterday's money market were steady with call money at 11½ per cent from a previous dealt at 11 per cent.

GOLD

Weaker trend

Gold lost ground in quite active trading, influenced by the OPEC announcement on oil prices. It opened at $246½-247, the highest level of the day, and fell to a low point of $242¾-243¾, before closing at $243¾-244, a fall of $2 on the day. The krugerrand's premium over its gold content widened to 10.21 per cent from 9.52 per cent for domestic delivery, and to 3.23 per cent from 3.00 per cent in the international market.

In Paris the 12½ kilo gold bar was fixed at Fr 34,175 per kilo in the morning ($248.35 per ounce), compared with Fr 34,100 per kilo ($247.23) previously.

In Frankfurt the 12½ kilo bar was fixed at DM 14,705 per kilo ($246.29 per ounce), compared with DM 14,665 ($244.72) previously.

	Mar. 24	Mar. 26
Gold Bullion (fine ounce)		
Close	$243¼-244 (£118.4-118.8)	$245¼-246 (£119.4-119.8)
Opening	$246¼-247 (£119.7-120.1)	$242¾-243¾ (£118.7-119.1)
Morning fixing	$246.5 (£119.778)	$244.30 (£119.526)
Afternoon fixing	$244.55 (£118.922)	$245.85 (£119.518)
Gold Coins, domestically		
Krugerrand	$266-271 (£130-132)	$267-271 (£130-132)
New Sovereigns	$69¼-71¼ (£33¾-34¾)	$68¾-70¼ (£33½-34½)
Old Sovereigns	$75½-77½ (£36¾-37¾)	$76-78 (£37-38)
Gold Coins, internationally		
Krugerrand	$250½-252½ (£122-123)	$252-254 (£122¾-123¾)
New Sovereigns	$64½-66½ (£31½-32½)	$64-66 (£31-32)
Old Sovereigns	$75½-77½ (£36¾-37¾)	$76-78 (£37-38)
$20 Eagles	$315-320	$317-322
$10 Eagles	$173-178	$176-181
$5 Eagles	$121-126	$123-128

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.48
Treasury Bills (26-week)	9.43

GERMANY

Discount Rate	3
Overnight Rate	4.45
One month	4.35
Three months	4.625
Six months	4.70

FRANCE

Discount Rate	9.5
Overnight Rate	6.75
One month	6.8125
Three months	7.0625
Six months	7.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.8125

...K MONEY MARKET

...Small shortage

...ank of England Minimum ...ending Rate 13 per cent (Since March 1, 1979)

...he supply of day-to-day credit ...roved considerably in the ...don money market yesterday ...the authorities gave only a ...ll amount of assistance by ...ing a small number of ...asury bills all direct from the ...ount houses. The scale of ...day's official intervention helped banks bring forward balances a fairly large way above target and this was the only factor in the market's favour. On the other hand there was a moderate net take-up of Treasury bills to finance and the number of notes in circulation increased by a small amount. Discount houses were paying around 12¾ per cent for secured call loans at the start, although closing balances were taken as low as 11½ per cent.

In the interbank market overnight loans opened at 12¾-13 per cent and eased on the forecast to 12-12½ per cent. Rates continued to ease to 11½-11¾ per cent at noon with a lowest level of 11-11¼ per cent. However, closing balances commanded between 13 per cent and 13½ per cent.

Rates in the table below are nominal in some cases.

...NDON MONEY RATES

Mar. 27 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ✣	Eligible Bank Bills ✣	Fine Trade Bills ✣
...rnight	—	11-13½	—	—	—	—	11¼-12¾	—	—	—
...ys notice	—	—	13¼	—	—	—	—	—	—	—
...ys or...	—	—	—	—	—	—	—	—	—	—
...ys notice	—	12⅝-12⅞	13¼	—	13⅛	13⅜	12⅝	—	—	—
...month	12 13/16-12 15/16	12¾-12⅞	12⅞-13	12⅛-12½	13⅛	13⅛	12½	11 13/16-11⅞	12¾-12⅞	13¼
...months	12¾-12½	12 11/16-12 13/16	—	12-12⅜	12⅞	—	12	11¾-11⅞	12 11/16-12½	12¾
...ee months	12¼-12⅛	12 7/16-12 9/16	12½-12⅝	11⅝-12	12⅝	12⅜	11⅝	11 7/16	12 7/16	12½
...months	11⅞-11⅞	11⅝-11¾	12	10⅞-11¼	12	—	—	—	11 11/16-11 13/16	12
...months	11¼-11⅛	11½-11⅝	—	11⅛-11⅜	11¾	—	—	—	—	—
...year	11⅛-11	11⅜-11½	11⅞-12	11⅛-11⅜	11¾	—	—	—	—	—
...years	—	—	12 1/16-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority ...tgage rates nominally three years 12½-12⅝ per cent; four years 12⅝-12½ per cent; five years 12⅝-12⅞ per cent. ...ank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 9/16 per cent; ...month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⅞ per cent; two-month 11 13/16-11⅞ per cent; three ...ths 11 7/16 per cent. Approximate selling rate for one-month bank bills 12⅝-12¾ per cent; two-month 12 9/16-12⅝ per ...t and three-month 12 13/16 per cent; one-month trade bills 13⅛ per cent; two-month 12⅞ per cent; and three-month per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. ...aring Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per ... Treasury Bills: Average tender rates of discount 11.0702 per cent.

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NORTH AMERICAN NEWS

Sharon Steel to challenge UV Industries liquidation

BY DAVID LASCELLES IN NEW YORK

THE overwhelming vote of UV Industries' shareholders to liquidate their company and distribute the proceeds could turn out to be something of a landmark in U.S. corporate history, Wall Street observers commented yesterday.

At a packed and lively meeting on Monday afternoon, shareholders voted by 10.8m to 2.2m in favour of a management proposal to sell off all of UV's assets and distribute the resulting approximately $500m in cash among themselves.

But the event may not yet be over because of a legal challenge being mounted by the biggest shareholder to oppose the liquidation: Sharon Steel, controlled by Mr. Victor Posner.

Sharon believes it was unjustly deprived of the right to vote shares it bought after the record date for the meeting, citing company law in the state of Maine where UV is incorporated it intends to pursue the matter in the courts. If it wins, it would not only throw the liquidation plan into doubt, but would add further confusion to the already complicated proxy voting procedures.

"The UV case is also important for what it says about today's equity markets. As one observer commented, "It's a case of capitalism copping out."

One of the main reasons given by the UV management for proposing the liquidation was that at today's depressed prices, the stock markets no longer reflect a company's true value. UV could go for further growth by acquiring new companies with its large cash assets, the management said, but even that course would not give shareholders the best possible return on their money.

Instead, the management decided that it could realise more per share by selling the company off altogether and ceasing operations.

UV could well be right. Before its liquidation plan was announced, the company's shares were trading at about $17. Today, they are worth about $33, and by most analysts' estimates, the ultimate liquidation value will be over $35, possibly even as high as $40. UV management itself has refused to speculate what the ultimate payout will be because negotiations on the sale of assets have not yet begun.

UV did say, though, that several would-be purchasers had shown an interest. One reason analysts put a high liquidation value on UV is that its assets consist mainly of mineral, metals and energy producing properties which are currently in high demand as oil companies and big corporations seek to diversify.

Although the UV decision is unlikely to trigger a rush of liquidations, many people in Wall Street view its fate as a depressing precedent. It suggests that investment in the corporate world is a poor deal, and it shows that there are alternatives in corporate strategy to the pursuit of growth.

Dun and Bradstreet agrees on $150m bid

By Stewart Fleming in New York

DUN AND BRADSTREET, the U.S. publisher of financial information, which owns five television stations as well as Moody's Investors Services, has agreed in principle to acquire National CSS, a computer services company, for over $150m.

National CSS, which reported sales of $45.1m and net income of $3.8m in the nine-month period ending November, 1978, is a leading company in the information processing field. Dun and Bradstreet said that the proposed acquisition would improve the ability of both companies to broaden their markets.

The application of more advanced technology to the dissemination of information, particularly financial information, is seen as a rapidly growing market in the years ahead. McGraw-Hill, Dun and Bradstreet's main competitor in the field, has itself been putting resources into this area of its operations. The acquisition of National CSS will reinforce Dun and Bradstreet's competitive position in the field.

The company disclosed earlier in the year that it was planning to invest a substantial proportion of its cash and marketable securities of around $200m in acquisitions. Its objective is to increase net profit to $100m and sales revenues to $1bn by 1981.

In 1978 it reported profits of $70.3m on revenues of $762.6m.

Rubbermaid forecasts peak year

WOOSTER—With a sizeable first quarter earnings gain almost in the bag, Rubbermaid foresees at least six more months of "really good business," according to Mr. Donald E. Noble, chairman and chief executive.

He also predicted another record year and an increase in the quarterly dividend, which currently stands at 19 cents a share.

During the first period volume in the home and commercial products divisions has been quite strong. In addition, the company has not faced such severe weather interference as it did in 1978. Rubbermaid makes rubber and plastic housewares and commercial and automotive products.

Earnings in the previous first quarter were flat at $3.8m or 50 cents a share, because of weather problems and foreign currency exchange losses. The company recovered in the last three-quarters, however, and the full year net grew by 12 per cent to $19m or $2.45 a share.
AP-DJ

Kaiser Aluminum looks for sharp gain

NEW YORK — Kaiser Aluminium and Chemical Corporation expects 1979 first quarter earnings to more than double the 60 cents a share earned in the 1978 quarter according to Mr. William Hobbs, vice president and treasurer.

He also said Kaiser's 1979 earnings will "be up about one-third" over 1978 earnings of $5.58 a share. The 1978 figures have been restated for a two-for-one stock split in November.

He said first quarter results reflect strong aluminium demand and an unusually strong performance by the groups real estate operations, which recently sold some property in California for more than $20m.

Mr. Hobbs said the strong performance by the real estate operations in the first quarter would probably not be matched in the remaining quarters.

Mr. Cornell C. Maier, chairman, said Kaiser's recent price increases for ingot, billet and some extrusions were in line with the Government's recently revised voluntary price guidelines.

Aluminium Company of America yesterday reduced its ingot price to 58.5 cents a pound from 59.5 cents to comply with Government guidelines. Alcoa's price increase is to be effective April 2.
Reuter

$120m offer for real estate group

LOS ANGELES—Continental Illinois Properties' Board has received a proposal from Brabant NV, which is owned by foreign investors, to acquire Continental for $25 a share or a total of $120.2m. Continental's trustees have initially determined the offer is fair and the trust is to seek shareholder approval at a special meeting.

The sale is subject to completion of a definitive agreement and shareholder and regulatory approval.

Continental, a California real estate investment trust, said Brabant plans to remain a passive investor and that it will retain a management group which may include two Continental trustees and one or more officers. The two trustees abstained from voting on the Brabant offer.
Reuter

Carter Hawley gain

Net earnings of Carter Hawley Hale Stores advanced from $33.7m to $40.3m in the fourth quarter, boosting annual returns from $54.2m to $63.8m. Earnings per share, diluted, were $1.45 against $1.26 previously, making $2.52 for the year, compared with $2.16. Annual sales rose from $1.65bn to $2.12bn.

General Tire setback

General Tire and Rubber announced net earnings for the first quarter of 53 cents a share, compared with 80 cents last *time, reports Reuter. Total net of $12.4m compared with $18.6m* previously, and sales of $516.9m with $438.7m. The latest quarterly figures include provision of about $1.5m net of tax benefit, or 7 cents a share, for reserve against investment in Iranian affiliate.

THE GEORGE WESTON GROUP

Expanding the business

BY ROBERT GIBBENS IN MONTREAL

The news that the George Weston group may counterbid for control of Canada's largest retailer, The Hudson's Bay Company, against the C$365m (US$312m) already offered for 51 per cent of the shares by the Thomson Family, raises the prospect of a major tussle between the two leading Canadian entrepreneurial families, both of which have major interests in the UK

WHEN THE late Mr. W. Garfield Weston took over his father's bakery in Toronto in 1924, he made a vow that he would build a business that would never know completion.

For more than 50 years, Mr. Weston kept that vow. He reinvested continually in Canada, took over scores of other companies, eventually buying up enterprises on four continents till his empire of manufacturing, wholesale and retailing operations, mostly in food processing and distribution, hit a peak sales volume of C$7.3bn in 1974-75.

His main holding in the UK was the big Associated British Foods group and also the famous Fortnum and Mason store in Piccadilly.

Mr. Weston controlled his business empire through a maze of private holding companies and the Weston organisation charts for many years were renowned for their obfuscation. Sometimes top executives running different parts of the empire did not know that they were competing against companies which in fact were affiliates of the Weston world wide group.

However, in the mid-seventies a crisis came in the Weston group, as growth through acquisition and the search for higher and higher volume began to go sour. Mr. Weston was then 77 and he decided to hand over operating management to his two sons.

"Both my sons have been trained from boyhood for their positions," he said in 1975. He remained president of the company, largely an honorary title, and retained management control only for Fortnum and Mason until his death. Now it is the North American holding company George Weston, operated by Mr. Galen Weston, his younger son, which is considering making a bid worth perhaps C$400m for 51 per cent of the shares of The Hudson's Bay Company, the department store, real estate and resource giant, in direct opposition to the Thomson family of Toronto and London. Mr. Galen Weston, who is 37, always says that buying companies and getting someone to run them was his father's great strength. "He always left his generals completely autonomous, even if they didn't always know what each other was doing."

When Mr. Galen Weston took *over the North American operations, earnings were in decline* and there were problems, particularly in the Loblaw food retailing distribution chain in Canada and the U.S. and also at National Tea, the Chicago-based chain which Weston controls. He formed his own small group of "generals" mainly former university friends, and set about reorganising the North American operations.

Another son, Garry Weston took over leadership of the British companies and the food processing and distribution chains in Europe, Australia and South Africa.

Mr. Galen Weston trimmed, reorganised, and returned the huge North American bakery, retailing, fish processing and forest products operation to better health, taking one business at a time and injecting fresh management and new ideas, sometimes with a flamboyant style reminiscent of his father.

The George Weston holding company in Canada is firmly controlled through two family holding companies in Toronto. Today, its constituent parts include the food processing division consisting of bakeries, confectionery plants and food speciality operations: the fisheries division takes in British Columbia Packers.

Food retailing and wholesaling includes the big Loblaw supermarket chain in Canada and the U.S., Kelly Douglas in the West, and National Tea in the U.S.; the resource side consists mainly of the E. B. Eddy Company and major packaging interests.

Food processing and distribution earnings have improved, but much of the gain in overall Weston earnings last year came from the paper and packaging side. For all 1978, Weston earned C$57.3m, up from C$24.5m the year before, on volume of over C$5bn against C$4.5bn.

Is Mr. Galen Weston also adopting his father's motto of building a business that will never know completion?

He is clearly serious about his possible counter bid for The Hudson's Bay Company (The Bay), itself Canada's largest merchandiser since the takeover last year of Simpsons and a major stake in Simpsons-Sears.

Weston says any Bay stockholders who have committed their share under the Thomson family's C$31 cash bid should withdraw immediately if they want to have a chance to tender under the possible Weston offer.

Only last Friday, the Bay directors told shareholders they should not accept the Thomson offer if they are interested in the long term potential of Bay shares. They estimated that the *shares are really worth C$41* against the Thomson bid of C$31 for the total of C$365m for 51 per cent of issued stock. Before the Thomson bid, Bay shares were trading in the market at just over C$20.

The Bay, to help see off the Thomson approach, raised its dividend last week and projected earnings in the current year at about C$70m against C$45m in the past year.

The Competition Bureau of the Federal Department of Consumer and Corporate Affairs now has a double headache, weighing both the Thomson and possible Weston bids in terms of competition in the retail market. At some point soon it must make a recommendation to the Cabinet. However, the Prime Minister, Mr. Pierre Trudeau has already called an election on May 22 and will have a strong temptation to hedge on what has become a national issue.

Mr. Galen Weston has a strong and energetic management team working with him in the group and would make a strong opponent for the Thomsons in the battle for The Bay. Analysts are estimating he may have to go as high as the equivalent of C$36-37 a share if he wants to defeat the Thomson bid.

Canadian dollar Eurobond market reopens

BY FRANCIS GHILES

THE Canadian dollar sector of the bond market was re-opened yesterday, after being closed nearly 18 months, by Wood Gundy and Orion with a C$50m five year bullet offering for Canada's Export Development Corporation. The indicated coupon is 10 per cent.

The borrower has also authorised lead managers to place subsequent tranches amounting to C$50m privately before the end of the year. This will be done on an agency basis by the two lead managers with no underwriting group, unlike the public issue.

The grave weakness of the Canadian dollar throughout last year was the main reason why this sector remained closed for so long. But the currency has been much firmer in recent weeks, moving up from C$83.80 against the U.S. dollar at the beginning of March to C$85.60 yesterday.

Prices of seasoned Canadian dollar issues have moved up by between 1½ and 2 points since early March, with buying interest originating particularly from the Middle East and Switzerland.

The attraction for Canadian borrowers of seeking funds denominated in Canadian dollars abroad would not seem to stem from any particular advantage in terms compared with those they can get domestically, but rather from a desire to diversify their source of funds.

In the U.S. dollar sector, a $50m FRN is being arranged for Banco di Roma, whose first foray into the international bond markets this represents. This bullet issue has an eight-year life, and investors will have the option to extend this to 12 years. The minimum coupon is 8 per cent and the borrower is paying an interest rate of ¼ per cent over the six-month Libor rate. Joint lead managers are Credit Lyonnais, Commerzbank and Banco di Roma.

Prices of seasoned U.S. dollar bonds were a little weaker yesterday morning, but stabilised later in the day as the increase in the price of crude oil announced at the OPEC meeting in Geneva turned out to be less than feared. Dealers however described trading as nervous.

Strong buying interest for sterling denominated bonds sent the price of the recent GEC issue up to 100¼-½, while the FFI bond was trading at 103¼-½.

In the Swiss franc sector, four privately placed Japanese convertible bonds have been signed in the past few days. Bank Julius Baer has arranged a SwFr 40m for Rhythm Watch. Final terms include a maturity of five years and a coupon of 3⅞ per cent, the highest a Japanese borrower has had to pay for a Swiss franc convertible this year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	84⅞	84⅝	+0⅛	+0⅝	9.79
CECA 9⅛ 84-99	50	95⅞	96⅛	0	+0⅛	9.80
Canada 9 83	400	98⅛	98⅝	0	+0⅛	9.67
Canada 9¼ 98	350	96⅝	97⅛	0	+0½	9.84
Dow Chem. O/S 9⅝ 94	200	97⅛	97⅜	−0⅛	+0¼	9.95
EIB 9½ 98	125	94⅛	94⅝	0	+0⅜	10.01
EIB 9⅝ 86	150	99⅝	99⅞	−0⅛	−0⅛	9.93
EIB 9⅞ 99	100	99¾	100¼	−0⅛	0	10.10
Export Dv. Cpn. 9.25 84	150	100⅛	100⅜	−0¼	−0⅛	9.95
Export Dv. Cpn. 9⅜ 84	100	97⅞	98⅛	0	+0⅛	9.81
Exportfinans 9 85	50	96	96½	0	+0⅛	9.71
Finland 9 88	100	95¼	95¾	0	+0½	9.97
Finland 9½ 86	100	97⅜	97⅞	0	+0⅜	9.99
GTE Fin. 9½ 84	50	98	98½	0	+0⅛	9.96
Gould Int. Fin. 9⅝ 85	50	99½	100	+0⅛	−0⅛	9.80
Gt. Capital O/S 9 83	25	97½	98	+0⅛	+0⅜	9.61
Hudson Bay Co. 10 94	50	100½	101	0	+0⅛	9.90
Ind. Finance 9¾ 90	30	94⅝	95⅛	+0⅞	+0¾	10.50
J. C. Penney 8½ 83	100	96⅞	96⅛	−0⅛	+0⅛	9.53
Manitoba 9½ 89	75	97	97½	0	+0⅛	9.95
New Brunswick 9¾ 94	75	97½	98	−0⅛	0	10.04
Newfoundland 10 94	50	98½	99	−0⅛	+0⅛	10.16
Norsk Hydro 9¼ 94	50	95⅛	95⅝	−0⅛	+0⅛	9.85
Norway 9⅜ 84	150	100⅜	100⅞	−0⅛	0	9.81
Scotland 10 84	50	97⅛	97⅜	−0⅛	0	10.70
Quebec Hydro 9½ 93	50	96½	97	+0⅛	+0⅛	9.92
Redland Fin. XW 9½ 91	25	92½	93	0	+0⅜	10.53
Sears Roebuck 9 82	150	98¼	98¾	−0⅛	+0⅛	9.60
Stockholm 9⅝ 94	60	99⅜	99⅞	0	+0⅛	10.04
UK 8½ 85	200	†95½	96⅛	+0⅛	+0¾	9.82
UK 8⅞ 93	150	94⅞	95⅜	−0⅛	0	9.73

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	95¾	96¼	−0⅛	−0¼	6.16
Argentina 6½ 88	150	93½	94⅛	+0⅛	−0½	7.43
Australia 6 88	250	99¼	99¾	−0⅛	0	6.07
Austria 5¾ 90	150	92⅞	93⅛	0	−0¼	6.64
Banco Desarrollo 7¼ 86	100	98⅛	98⅜	−0⅛	0	7.58
Bankamerica 5¾ 90	150	97¼	97¾	−0¼	−0½	6.05
Bq. Ext. Algerie 7¼ 85	100	97⅛	97⅞	0	+0⅜	7.74
Brazil 7¼ 87	150	100	100½	+0⅛	−0⅛	7.20
CECA 6 88	150	96⅛	96⅞	−0⅛	−0⅜	6.48
Ch. Manhtn. O/S 6 93	100	98⅛	99⅛	0	−0⅜	6.12
Commerzbank XW 3½	100	*90¼	91¼	+8¾	+8⅞	4.75
Copenhagen City 6 90	75	92⅝	93⅛	+0¼	+0⅛	6.89
Council of Europe 6¼	130	96⅝	97⅛	−0⅛	−0⅛	6.69
Denmark 5¾ 85	100	96¾	97¼	−0⅛	0	6.38
Denmark 6½ 89	100	97⅛	97⅝	0	0	6.87
EIB 6 90	300	93⅛	93⅝	+0⅛	−0⅛	6.84
EIB 6½ 91	200	96⅝	97	0	−0⅛	6.89
Eletrobras-Brazil 7 87	100	96⅞	97⅜	−0⅛	−0⅝	7.51
Eurofima 6½ 89	100	101¼	102	+0⅛	+1	6.27
Finland 6 83	150	99⅛	99⅞	−0⅛	+0⅛	6.12
Hitachi Ship. 5¾ 83	50	98⅜	98⅞	0	−0¼	6.09
Indonesia 7 84	100	98⅛	98⅝	0	−0⅛	7.36
Kobe, City of 5¾ 86	100	98⅜	99⅛	0	−0⅛	5.96
Legal Fin. 7 89	150	99	99¾	+0⅛	+0¼	7.12
Mitsubishi Petro. 5¾ 85	100	98⅝	99⅛	+0⅛	+0¼	5.98
New Zealand 6¼ 87	200	99⅝	100⅛	−0⅛	+0⅛	6.27
Nippon Koken 7½ 84	100	99⅝	99⅞	0	+0⅜	7.56
Nippon Steel 5¾ 85	100	97⅞	98⅜	+0⅛	−0¼	6.08
Nippon Tel. & T. 5½ 87	100	95⅝	96⅛	0	−0⅛	6.18
Nordic Inv. Bk. 6¼ 86	60	98⅛	98⅝	0	+0¼	6.55
Norges Komm. 6 90	100	94⅝	95⅛	−0⅛	−0½	6.64
Norges Komm. 6¼ 89	150	97⅜	97⅞	−0⅛	−0⅜	6.58
Occidental 6¾ 90	150	96⅛	97	−0½	−0⅛	7.16
OKB 6½ 88	100	99½	100	0	−0⅛	6.53
OKB 6 87	40	97½	98	0	0	6.37
Petrobras Brazil 7 88	100	97¾	98¼	−0¼	+0¼	7.29
Ricoh 5¾ 83	30	97⅜	97⅞	0	0	5.87
Sandoz 6 88	150	96	96½	−0¼	+0⅛	6.52
Statoil 6½ 89	150	98	98½	−0⅛	+0⅛	6.76
UDS Group 5¾ 83	65	97	97½	0	+0¼	6.47
Union Bank-Finn. 6½ 88	50	94⅝	96⅛	−0⅛	−0⅜	7.25
Venezuela 6½ 90	150	92⅛	92⅝	0	−0¼	7.50
World Bank 6¼ 88	400	97⅛	97⅝	−0⅛	−0⅛	6.62

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	103⅝	103⅞	+0⅝	+0⅞	4.74
Amer. Exp. Int. 3½ 93	40	97¾	98	0	0	3.69
Asian Dev. Bank 3½ 94	100	91⅛	91⅝	0	0	4.31
Austria 3½ 93	100	95⅛	95⅞	0	−0¼	3.90
Brazil 4⅛	100	99⅞	100⅛	+0¼	−0⅜	4.25
Canada 3⅞ 89	300	96⅞	97⅛	0	0	4.00
Chase Manhattan 4 93	70	101	101¼	−0⅛	0	3.89
Council of Europe 4⅜	100	101⅛	101⅜	−0⅛	+0⅝	4.17
Bankamerica 3¾ 93	80	98½	98¾	−0⅛	−0¼	3.87
BNDE 5 88	75	101½	102	0	−0⅛	4.76
Denmark 4½ 90	100	†97	97½	+0⅛	+0⅛	4.82
EIB 4¼ 93	100	99	99½	0	−1½	4.32
Euratom 4¼ 93	80	99⅛	99⅝	+0⅜	−1	4.32
F. L. Smidth 4½ 89	25	100⅝	100⅞	−0½	−0⅝	4.41
Finland 4½ 93	80	100⅛	100⅝	+0¼	−0½	4.45
GZB 4½ 93	100	101½	101¾	+0⅛	−1	4.34
Heron 4¼ 89	35	98	98¼	0	−0⅛	4.49
ICI Fin. NV 3½ 94	230	93½	94	−0⅛	−1	4.07
Malaysia 4¾ 90	80	98½	98¾	−0⅞	−0⅜	4.97
New Zealand 3½ 94	120	95¼	95⅜	+0⅛	+0⅝	3.93
Norges Komm. 4¼ 90	100	101¼	101½	−0⅛	−0⅜	4.09
OKB 3¾ 91	100	94⅞	95⅛	−0⅛	−0⅛	4.79
Oy Nokia 5 90	20	†102⅝	103½	+0¼	+0⅛	4.65
Philippines 4¾ 89	50	98⅛	98½	−0⅛	−0⅜	4.98
Sandvik 4 90	85	97½	98	−0⅛	+0⅛	4.25
Spain 4 91	100	97⅛	97½	−0⅛	−0⅜	4.78
Voest-Alpine 4½ 93	100	100½	101	−0⅜	−1⅞	4.43
Vienna 4 93	100	99⅞	100¼	+0⅛	−0¼	4.00
World Bank 4¼ 93	250	99	99½	+0⅛	−0⅞	4.32

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	87½	88½	−0⅛	+0⅛	7.57
Australia 5.6 83	30	95⅝	96⅜	0	−0½	6.75
Australia 6½ 88	20	93	94	0	0	7.58
Finland 5.6 83	10	94⅜	95⅜	−0½	−0½	7.00
Finland 6.8 88	10	93⅜	94⅜	0	0	7.85

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98¾	99½	0	−0⅜	9.22
Auto Cote B. 7 93 EUA	16	91½	92¾	0	0	7.93
Komm. Inst. 7½ 93 EUA	15	97½	98¼	0	0	7.71
Panama 8¾ 93 EUA	20	94¼	95½	0	−0½	8.63
SDR France 7 93 EUA	22	94½	95⅛	+0⅛	+0½	7.56
Algemene Bk. 6¾ 83 Fl	75	95⅞	96⅜	+0⅛	+1	7.33
CFE Mexico 7¼ 83 Fl	75	98¼	99	0	+0⅛	8.12
EIB 7¼ 85 Fl	75	94¾	95½	0	+0⅛	8.23
New Zealand 6¾ 84 Fl	75	94⅝	95⅜	0	0	7.94
Norway 8¼ 84 Fl	100	100⅜	101¼	−0¼	0	8.00
Elf Aquitaine 9¾ 88 FFr	150	98⅞	99⅜	0	0	9.38
EIB 9¾ 88 FFr	200	98⅞	99⅜	−0½	−0⅝	9.88
Norway 9¼ 84 FFr	200	99¾	100⅛	0	0	9.31
PSA Peugeot 9¾ 87 FFr	175	98¼	99¼	0	−0⅛	9.83
Total Oil 9⅞ 87 FFr	150	97⅞	98⅜	+0⅛	0	9.70
Unilever 10 85 FFr	100	100⅞	101⅜	−0⅛	−0⅛	9.71
CECA 9⅜ 89 £	20	88⅞	89⅛	+0¼	+1	11.59
Citicorp 10 93 £	20	88⅞	89⅝	+0⅛	+1¾	11.59
EIB 9¾ 88 £	25	91	91½	0	+0⅜	11.30
Finance for Ind. 13 91 £	15	102⅞	103⅜	+0½	+1⅝	12.48
Fisons 10¼ 87 £	10	91⅝	92⅛	+0⅜	+0⅝	11.77
BAT 8 88 LuxFr	250	97¼	98¼	0	0	8.35
Bayer Lux. 8 86 LuxFr	250	97⅝	98⅝	+0¼	−0¼	8.34
EIB 7¾ 88 LuxFr	250	96⅝	97⅝	+0⅛	−0¼	8.19
Euratom 8 87 LuxFr	500	99⅞	100⅞	+0¼	+0¾	7.93
Finland I. F. 8 88 LuxFr	250	97½	98½	0	+0¼	8.33
Norway 7¾ 83 LuxFr	250	97½	98½	0	0	8.33
Norges Km. 8 86 LuxFr	500	98¾	99¾	0	−0¼	8.12
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	0	+0⅛	8.11
Solvay Fin. 8 85 LuxFr	500	100⅛	101⅛	0	+0⅛	7.76
Swedish Bk. 8 88 LuxFr	500	99¾	100¾	0	+0½	7.95

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0⅜	96⅛	96⅝	31/7	11.44	11.87
BFG Fin. Co. M5.5 89	0¼	98⅜	98⅞	12/7	12.4	12.57
Bco. El Salvador M8 83	1¼	97½	98¼	12/4	11.31	11.56
Bco. Nac. Argnt. M8 83	0¼	100	100½	21/7	12¼	12.22
Banco Nac. Argnt. 7 86	0¼	97⅞	98⅜	22/9	11½	11.72
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¼	97⅝	98⅛	18/4	10½	10.73
Banque Worms M5¾ 85	0¼	98½	99	15/6	12	12.15
Bq. E. d'Alg. M8.375 84	0¼	96⅝	97⅛	9/8	11⅞	12.27
Bq. Ext. d'Alg. M7.5 85	0⅜	95⅛	95⅞	2/5	12¾	13.35
Bq. Indo et Suez M5½	0¼	99⅛	99⅝	25/7	12	12.08
Bq. I. Af. Occ. M6.5 83	0⅜	98	98½	12/7	12.4	12.62
BNP 5½ 91	0¼	97⅝	98⅛	22/2	11⅜	11.62
CCCE M5.25 98	0¼	97⅜	97⅞	3/8	11⅜	11.65
Ch. Man. O/S M5¾ 93	0⅛	97⅞	98¼	27/7	11.73	11.96
Citicorp O/S Fin. 6 94	0¼	99⅜	99⅞	8/6	11.06	11.10
Credit National M5¾ 88	0⅛	99⅜	99⅞	11/7	12.31	12.48
Gotabanken M6 88	0¼	98¼	98¾	15/5	12.31	12.50
Ind. Bk. Japan M5¼ 85	0¼	99¾	100⅛	1/6	12.35	12.35
Ljubljanska M7 75 85	1	97⅞	98⅛	18/7	12.94	13.24
LTCB Japan M5¼ 85	0¼	99⅝	99⅞	9/5	12.06	12.11
Midland Intl. M5½ 93	0¼	98⅞	99¼	20/7	12¼	12.37
Nipp. Crdt. Bk. M5.5 85	0¼	99¾	100¼	22/6	12.81	12.81
OKB M5¼ 88	0¼	99⅞	100⅜	18/4	10.55	10.55
Offshore Mining 86	0¼	99	99½	19/7	12.19	12.28
Petro Mexicano 7¼ 84	0⅛	98⅞	99⅜	24/7	12.06	12.17
Privredna Banka M8 86	0⅞	95⅝	96⅜	22/6	13.44	13.96
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/8	11.56	11.86
Sundsvallsbnkn. M6 85	0¼	97⅛	97⅞	4/4	10.06	10.31
Thailand 7 84	0⅛	†97¼	97¾	15/3	11.31	11.60

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	91½	91⅞	−0⅛	6.92
Baker Int. Fin. 5½ 93	1/79	34	116½	117½	−0¾	3.65
Boots 6¾ 93	2/79	2.16	105⅞	106⅝	+1½	−5.39
Ciba-Geigy O/S F 4 94	9/79	675	94⅜	95⅛	−0⅛	−13.94
Coca-Cola Bottling 6¾	4/79	9	88½	89½	+0¼	12.03
Honda Motor 5½ 89	6/79	532	92½	93½	−0¼	6.11
Ito-Yokado 5¾ 93	6/78	1339	115¾	116½	−0⅛	0.42
Novo Industri 7 89	4/79	259	89	90	−0⅛	8.27
Texas Int. Air. 7½ 93	4/79	14.5	91	92	0	12.91
Thorn Int. Fin. 7 88	11/78	3.67	119⅞	120⅝	+3⅝	−2.66
Tyco Int. Fin. 8½ 88	9/78	21	100½	101½	+0⅛	15.33
Asahi Optical 3½ DM	12/78	583	95½	96½	−0⅛	0.58
Casio Cp. 3½ 85 DM	11/78	841	92⅛	93¼	−0½	6.15
Izumiya 3¾ 86 DM	10/78	989	91¼	92⅛	0	14.56
Jusco 3¼ 86 DM	1/79	1154	88¼	89¼	−0⅛	23.27
Kansai Elec. 4 84 DM	4/79	1350	91⅞	92⅝	−0¼	13.73
Konishiroku 3½ 85 DM	1/79	612	97¼	98¼	−0¼	11.63
Marudai Food 3¾ DM	2/79	1033	90½	91½	−0⅛	27.81
Murata M. 3½ 86 DM	11/78	854	98¼	99¼	−0⅞	−2.87
Nipp. Air. 3.5 88 DM	12/78	508	87½	88½	+0⅛	2.73
Nippon Shinpan 3¾ DM	8/78	738	96⅛	97⅛	−0⅛	−1.78
Nippon Ysn. 3½ 85 DM	1/79	261	94	95	−0⅛	6.61
Nissan Diesl. 3½ 86 DM	2/79	477	90¼	91¼	−0⅛	8.43
Olymp. Opt. 3½ 85 DM	2/79	703	100⅛	101⅛	−0¼	−2.07
Ricoh 3½ 86 DM	10/78	617	95⅛	96⅛	0	15.47
Sanyo Electric 3½ DM	11/78	295	91⅛	92⅛	−0¼	−2.08
Sharp Co. 3½ 86 DM	2/79	487	94⅞	95⅞	−0½	−2.65
Stanley Elec. 3½ DM	11/78	623	92⅛	93⅛	+0¼	22.00
Tokyo Elec. 3½ 87 DM	4/79	476	93	94	+1¼	3.88
Tokyu Ld. Cp. 4 86 DM	4/79	493	90⅛	91¼	−0½	6.22
Trio-Knwd. 3½ 86 DM	11/78	711	87	88	−0⅛	27.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MEDIUM-TERM CREDITS

Eletrobras financing

ELETROBRAS, Brazil's state electricity agency, has renegotiated the terms of a $250m loan taken in 1977 from a banking consortium led by the Bank of America. Interest has been lowered and periods of grace increased.

Originally the loan was granted in three tranches of $100m, $75m, and $75m, with five, six and seven years' repayment, respectively, 2½ years' grace and spreads of 1¾, 2 and 2¼ per cent over Libor.

Renegotiations eliminated the tranches, and the full $250m will be repaid in 10 years with five years' grace and a spread of 1¼ per cent over Libor.

Eletrobras claims that this is the first truly satisfactory renegotiation of a major loan by any Brazilian state-run company, benefiting from better market conditions than those at the time the loan was made.

● A group of international banks led by Chase Manhattan has signed an agreement for the renegotiation of a $125m syndicated loan to the African Development Bank (ADB) originally extended in 1977, our Euromarkets staff writes.

The new arrangement reduces the spread on the credit to ⅞ per cent over interbank rates for an eight-year term. The original 10-year loan which carried margins ranging from 1¼ to 1½ per cent, was not drawn.

The credit will be used for financing the ordinary capital resources of the ADB, which funds development projects in its member states.

INTL. COMPANIES and FINANCE

Protest at Turkish chemicals decree

BY METIN MUNIR IN ANKARA

A RECENT Turkish government decree ordering foreign pharmaceutical firms to start manufacturing 25 per cent of their raw materials locally has led to widespread discontent among the foreign companies.

The new decree requires foreign companies to produce pharmaceutical raw materials equivalent to 25 per cent of their total production. The proposed projects must be submitted to the Ministry of Trade within six months. The period granted for reaching the required level of domestic manufacture is three years.

Further, foreign pharmaceutical firms have been required to make compulsory exports. One year after the publication of the decree last weekend the companies will have to export 15 per cent of their products and raw materials.

There is virtually no exportation of medicines from Turkey and insignificant amounts of pharmaceutical raw materials are locally manufactured.

The new decree was apparently motivated by a desire to save short foreign currency and increase hard currency revenues. Fighting a severe economic crisis which has entered its third year, Prime Minister Bulent Ecevit's government is in the process of launching new stabilisation measures. One of the principle aims is to increase foreign exchange revenues.

Foreign pharmaceutical companies feel discriminated against because the raw material and export condition applies only to them and not to their Turkish counterparts. They also see the move as "anti foreign investment." As one company director put it: "On the one hand the government is trying to attract foreign capital and on the other making things difficult for already established companies. Without consulting us the Government has changed the conditions under which we came to work in Turkey."

The pharmaceutical industry in Turkey is geared to a technology based on making medicines with imported inputs. Because of this, say foreign companies, to manufacture raw materials would require new investments and new technology. Further, they argue, the economy of scales would make such investments uneconomical.

"Turkey cannot support such large plants," claimed one foreign director. "You would have to spend $1m for $10,000 of chemical raw materials. Eventually the price would be paid by the Turkish consumer."

Because different companies use different ingredients it was not feasible for the pharmaceutical companies to come together to finance a joint plant, he maintained.

Dutch store group looks abroad

BY CHARLES BATCHELOR IN AMSTERDAM

THE MAJOR Dutch retail group De Bijenkorf (KBB) is looking closely at potential foreign markets, particularly in the U.S. and West Germany. It still sees good prospects in Holland, however, and is adapting its stores and range to meet changing consumer tastes.

KBB would hope to take a majority stake in a foreign company, probably operating in the same area as the Dutch concern's HEMA chain, which offers a limited assortment of keenly priced goods, or of its Maxis superstores, Mr. J. Bons, the chairman said.

It would be prepared to start with a minority holding, but does not in the long term see any future in owning less than 50 per cent, although it is seeking local partners and management, he added.

In Holland, KBB is continuing to develop its superstores and is finding local authorities increasingly willing to grant permission for these projects. It is cutting out foods, radio and television and photographic equipment from its city centre department stores and extending the range of clothing, furnishings and gift articles.

KBB should be able to increase profitability further in future, but the sluggish economy and the slow growth of retail spending will make this increasingly dependent on expansion and rationalisation.

It was fairly satisfied with its 1978 result, although consumers proved very price-conscious and the 9 per cent rise in sales—the lowest rate for at least six years—was only achieved with difficulty. It earlier announced a 22.5 per cent increase in net profit to Fl 24.5m ($12.2m) on sales of Fl 2.24bn ($1.12bn).

It expects to invest Fl 50-60m in fixed assets this year after Fl 102m in 1978, although this figure could be higher if planning applications are approved.

Spending by volume in the retail sector as a whole in Holland rose by only 2.5 per cent in 1978 after the 3.3 per cent increase of the year before. KBB marginally increased its share of the market to 2.7 per cent from 2.6 per cent, while its 9 per cent increase in sales exceeded the 6.5 per cent rise of all retail traders.

● Net profit rose by 10 per cent at Gist-Brocades, the biochemical and pharmaceuticals group, in 1978, despite its earlier warning of a possible decline. The company proposes, therefore, to raise its dividend to Fl 2.20 per Fl 10 nominal share from Fl 2. Gist gave no indication of the reasons for the improvement.

The net profit figure was Fl 21.6m ($10.8m) compared with Fl 19.5m the year before. At the half-way stage, the company reported an 8 per cent fall in profit to Fl 9.7m on sales 10 per cent higher at Fl 522m. In 1977 net profit fell by 7 per cent.

Its earlier problems were caused by the firmness of the guilder, delays in completing the acquisition of two foreign companies and high interest.

Earnings advance at BW Bank

By Adrian Dicks in Bonn

BADEN - Wuerttembergische bank, formed in December, 1977, from three smaller institutions in South-West Germany, is proposing a capital increase and has announced a rise in net profit after its first full year's operations.

Herr Manfred Prechtl, spokesman for the BW Bank Board, described the 1978 business year as a "flying start," although not all of the aims set when the merger was carried out had yet been achieved.

The bank's net profit amounted to DM 16.8m ($9m) compared to DM 14.8m for the previous year's combined results for Badische Bank, Handelsbank Heilbronn and Wuerttembergische Bank. An unchanged DM18 per DM50 share dividend is being paid to shareholders, which include the Baden-Wuerttemberg state government, with 54 per cent, and a 25.1 per cent blocking minority held by a consortium that includes the Wuestenrot Mortgage Bank, Robert Bosch, Deutsche Bank and Karlsruher Life Insurance. The remaining 20.9 per cent is held by small shareholders.

Herr Prechtl said that the steady growth in BW Bank's business, illustrated by a 13.4 per cent increase in the volume of credit to DM3.8bn, made the capital increase necessary, and made it likely that further increases would follow.

Shareholders will be offered new shares in a one-for-six ratio at DM125 per DM50 share—a price that gives them a DM65 per share discount on the quoted value. The new issue will raise the bank's capital from DM60m to DM70m.

BW Bank hopes to expand its network of 89 branches in Baden-Wuerttemberg next year. Herr Prechtl also stressed its interest in expanding foreign business of all kinds on behalf of the state's numerous engineering companies.

During 1978, the bank took up 25 per cent of Star Automobile Beteiligungs GmbH, one of two holding companies set up in 1976 to acquire a large portion of the 25.2 per cent of Daimler-Benz sold off by Deutsche Bank. BW Bank also took over Bankhaus Bensel, a small Mannheim private bank last year.

Bayer U.S. sales rise sharply

SALES of Bayers' U.S. affiliates reached $2.1bn in 1978, reports the West German chemicals group.

Mobay Chemical has increased sales by an average 20 per cent a year for five years and these reached $780m in 1978, up 21.5 per cent from $642m in 1977. Sales at Miles laboratories rose 12 per cent to $537m from $479m.

The Cutter affiliate had sales of $256m, up from $204m in 1977. The West German company based its figures on foreign exchange rates at the end of 1978.

AP-DJ

Zurich Bourse turnover up

By John Wicks in Zurich

THIS YEAR has begun with higher turnover on the Zurich Stock Exchange, due primarily to the removal in January of the ban on non-residents' purchases of Swiss franc securities. In the two first months of 1979, Zurich turnover amounted to SwFr 20.44bn ($1.22bn), compared with SwFr 19.91bn for the January-February period of last year.

On the Basle bourse, however, turnover remained unchanged at SwFr 4bn for the two-month period.

Motor-Columbus sells tourist interests

The Swiss holding company Motor-Columbus AG, of Baden, has sold a 17.5 per cent stake in the capital of the travel agency Reisebuero Kuoni AG, of Zurich, to Swissair writes John Wicks from Zurich. The airline has also acquired the Motor-Columbus participation in Cresta Ferien AG, which operates a holiday centre in the Grisons, and the other tourism companies Albergo Brosso E Posta SA and San Bernardino SA. The divestments have been made by the Baden company in keeping with a recently-announced policy to concentrate its activities on the electricity sector and civil engineering.

Dutch capital market

THE DUTCH cabinet expects Dutch capital market demand this year to again exceed supply. Central government financing deficit is now put at Fls 14.2bn this year, compared with a forecast of around Fls 12.8bn last September. The central government financing deficit for 1978 was Fls 9.3bn, according to revised figures.

Reuter

VW ordered to relax spare parts system

BY LESLIE COLITT IN BERLIN

THE FEDERAL Cartel Office has ordered Volkswagen to stop forcing its appointed West German dealers and service shops (VAG firms) to buy spare parts from VW which it does not produce but which come from its component suppliers.

Volkswagen says it is appealing against the decision which must then be ruled on by the German appeal court.

On previous occasions, the Cartel Office in West Berlin attempted to prove that VW's price increases violated its "oligopolistic" market position, but was unsuccessful.

The Cartel Office is also currently investigating BMW, which it says is the only other major German car company to bind its dealers and service companies to accept non-company made parts from BMW.

A Cartel Office spokesman said the outcome of the VW case would influence whether it would take steps against BMW and when. In its statement, the Cartel Office said it was not taking issue with the obligation by VAG firms to use non-company made parts supplied by VW in guarantee work which is paid for by Volkswagen.

However, the Cartel Office in West Berlin said VW's system, which binds VAG firms to use non-VW spares, violates the "ban on discrimination" for companies with an especially strong market position.

The Cartel Office alleges that "VAG firms are unduly hindered from ordering these parts in the most favourable and cheapest way." In addition, it notes the spare parts manufacturers and dealers are "unduly restrained from free access to the market" because of VW's large share of the domestic car market and the fact that more than half of all repair works is carried out by appointed dealers and service shops.

Expecting an argument by VW, the Cartel Office said quality and safety standards would not be influenced by ending the obligation by the VAG firms to purchase non-VW produced parts. It said strict German tests and controls, as well as VW's own prescribed controls, assured a consistently high quality of all parts. It adds that "Opel, Ford and Daimler-Benz do not bind the purchase of their spare parts."

According to published estimates in Germany, the non-VW-made spares sold by VW are worth several hundred million Deutsche-marks and are claimed to be up to 30 per cent more expensive than if bought elsewhere.

Scandinavian Bank increase

By Our Euromarkets Staff

A DOUBLING of fee income allowed Scandinavian Bank to report a 14 per cent increase in pre-tax profit last year to £8.3m, while the consortium bank's balance sheet total rose by 20 per cent to just over £1bn.

Since 1976 the bank's balance sheet has doubled, while pre-tax profits have risen by 27 per cent. Ample liquidity in the international markets, with the resulting pressure on interest income, has made it hard for consortium banks generally to match growth in income to recent growth in assets.

The bank's profits from interest differentials changed little last year, though the loan portfolio rose by 10 per cent to £537m. The annual report shows that the "borrowers' market" led the bank to lengthen the average maturity of its loan portfolio, with 35 per cent repayable under one year against 44 per cent at the end of 1977. This was offset by a 36 per cent increase in liquid assets to £212m.

The bank's management says that 1978 was a good year for foreign exchange earnings, but that a small loss was made in international securities trading.

Salzgitter steel activities move back into the black

BY GUY HAWTIN IN FRANKFURT

THE STEELMAKING arm of Salzgitter, the West German government-owned steel, shipbuilding and energy concern, is back in the black after a long period of losses.

According to the group, the 1978-79 business year, due to end on September 30, should at least end with the profit and loss account at break-even point. Herr E. Pieper, Salzgitter's deputy chairman, said it was possible that the steel operations would show a modest profit.

Salzgitter's performance in steelmaking appears to be echoed throughout the sector. Economic forecasters have been predicting a recovery in profits during 1979, albeit from a very low level. For Salzgitter, the continued strong performance of the motor industry has contributed in part to the improvement in its steel earnings. However, competition from cheap imports—which was particularly hard in 1977 and much of 1978—appears to have weakened.

The reason for this has been the rise in scrap prices, said Salzgitter. However, it points out that prices remain depressed, particularly in the heavy plate sector, where the shipbuilding recession has heavily dampened demand.

It is still too early to say whether all of West Germany's steelmakers will benefit from the upturn to a similar degree. However, it is predicted that there should be a considerable reduction in the industry's losses which were running at about DM 400m a year.

Norwegian engineer sees further advance

BY FAY GJESTER IN OSLO

NORWEGIAN metals, mining, manufacturing and engineering concern Elkem - Spigerverket (E-S) reports increased turnover and profits in 1978, and foresees a further improvement in results this year, chiefly because of the improved market for ferro-alloys and aluminium. An 8 per cent dividend is recommended, against 7 per cent for 1977.

Group profits in 1978 were NKr 33m, after ordinary depreciation of NKr 139m, but before taxes and allocations. This compares with NKr 24m in 1977, after depreciation of NKr 149m. Group turnover rose to NKr 3.1bn from 2.7bn.

Exports accounted for nearly two-thirds of total sales. Ordinary investments in 1978 amounted to NKr 117m, compared with NKr 179m in 1977. In addition, E-S invested NKr 8m last year in anti-pollution measures and NKr 19m in oil activities.

The group is one of the largest single shareholders in Saga Petroelum, the Norwegian oil company owned by industrial, banking and shipping groups.

* * *

Dyno Industrier, manufacturer of chemicals and explosives, saw profits drop in 1978, despite a 15 per cent increase in operating income to NKr 1.3bn, but expects "somewhat better" results this year. About half the rise in operating income reflected the acquisition last year of new companies.

Recommended dividend is NKr 10 per share, on old shares, and NKr 5 on new. This compares with NKr 13 per share, paid for 1977. Net profit, after taxes but before extraordinary items, was NKr 15m, compared with NKr 29m in 1977.

A preliminary report says that price restrictions in Norway last year made it impossible to offset higher operating costs by raising prices on the home market, where Dyno sells over 75 per cent of its output.

Kelvinator Australia bid battle intensifies

By James Forth in Sydney

THE HECTIC bidding contest for shares in the white goods maker, Kelvinator Australia continued unabated yesterday on Australian sharemarkets with up to 1.4m shares, or nearly ... per cent of the capital, changing hands.

The price soared another ... cents to A$2.82, which compares with the partial bid price of A$2.30 a share announced by Email at the weekend and the earlier share and cash offer from Email, which was worth about A$2.60 a share.

Email continued to meet limited opposition in the market from another buyer, and it is thought that the turnover was, roughly, shared equally. The unidentified buying is widely thought to be on behalf of a group of Adelaide interests, including another Adelaide-based appliance group, Simpson Pope Holdings. It is suggested that there is also some quasi-government involvement in this group.

An announcement is expected today from the Kelvinator board referring to the situation which has developed. Kelvinator so far has resisted the Email approach and has announced forecasts of a much higher profit for 1978-79 and plans for a scrip issue and a higher dividend. The mystery group is also expected to make a statement, probably disclosing the identity of the participants, and perhaps an outline of their intentions.

Earnings maintained at Ford Australia in 1978

BY OUR SYDNEY CORRESPONDENT

FORD AUSTRALIA earned a steady A$4m (US$4.5m) profit in the year to December 31, which makes it only the second motor vehicle manufacturer to report a profit for the year. The other was Leyland Australia, which earned A$5.6m.

The largest vehicle maker, General Motors-Holden's, incurred a loss of A$1.2m from sales of A$895m. Nissan lost A$20.1m in the year to June 30, 1978, while Chrysler, which incurred a deficit of A$14m for the first half, is due to report soon for the full year. The company has been performing better but is still likely to register a loss for the full period.

Sir Brian Inglis, the Ford chairman and managing director, said he still regarded the 1978 result as unsatisfactory but was expecting a major improvement this year following the release of the XD Falcon. Ford had encountered heavy expenditure on new models, stiff competition and suffered from strikes, locally and in the UK, during 1978. The company's share of the market dipped fractionally from 22.3 per cent to 21.1 per cent.

In September last year a dividend of A$1.6m was paid to the U.S. parent from 1977 profits. No dividend would be paid from the 1978 profits.

Sir Brian said the company's return on sales remained at 0.5 per cent, while the return on assets declined to 1 per cent. He regarded a return of 8 to 10 per cent on assets as a reasonable figure.

He added that Ford was looking to a major lift in sales and market share in 1979.

El Al hit by charters and strikes

By L. Daniel in Tel Aviv

EL AL ISRAEL Airlines will finish the current fiscal year, ending this month, with a deficit of $20m, as a result of the rise in the cost of aviation fuel, strikes and competition from foreign airlines, particularly charter companies.

The airline showed an operating profit of $6.6m for 1977-78, compared with $5.8m in the previous year. Net profit amounted to only $10,000 for that year, a decline from the $280,000 profit for 1976-77.

This was revealed by the director-general of the Ministry of Transport here in a subcommittee of the Knesset Finance Committee. He singled out the lower fares from the U.S., charters from Canada and the flights by other airlines as the main causes of the reduced profitability of the company.

Bank Leumi in Pennsylvania

By Our Tel Aviv Correspondent

BANK LEUMI LE ISRAEL is the first bank to take advantage of the new Pennsylvania state law permitting foreign banks to operate in Pennsylvania. The bank has opened a branch in Philadelphia, bringing to 16 the total of its U.S. branches.

Pioneer Concrete improvement

BY OUR SYDNEY CORRESPONDENT

PIONEER Concrete Services, the international concrete products and quarrying group lifted its profit by 19 per cent, from A$9.7m to A$11.5m (US$ 12.92m) in the December half-year. The improvement was attributable to the group's overseas operations with local divisions showing a marginal decline compared with the comparable previous period. However the downturn was less severe than expected.

The directors expect that the earlier profit forecast for 1978-1979 of A$22.5m will be "comfortably attainable."

The Hong Kong, Israeli and Spanish subsidiaries turned in the best performances. Delivery capacity was improved in Hong Kong by increasing the number of trucks and concrete agitators. A slightly improved level of output and similar improvement in price levels contributed to the results of the Spanish subsidiaries.

Profitability of the UK subsidiary suffered from a severe winter which had continued into the current half-year, but the performance was viewed as satisfactory.

Trading conditions in Australia were hampered by intensive price competition in the Melbourne pre-mixed concrete market coupled with a number of industrial disputes. Overall, the volume of demand was being maintained but to some extent this was being assisted by better than anticipated improvement in the New South Wales market. The outlook for the remainder of the year was now more favourable and it was probable that the first-half fall in Australian group profits would be more than recovered by the year-end.

The Italian divisions continued to suffer from a generally depressed investment climate and price competition, while improved trading results in Germany were more than offset by the worst winter in a century.

The interim dividend is held at 5 cents a share and will be paid on capital increased by a one-for-eight scrip issue.

Anderson Asia advance

By Hugh Peyman in Hong Kong

HUTCHISON WHAMPOA'S subsidiary, Anderson Asia (Holdings), raised its consolidated profit for 1978 by 84 per cent to HK$ 4.15m (U.S.$ ...000).

The company announced that consolidated profit after taxation but before extraordinary items climbed to HK$ 42.62m, from HK$27.28m in 1977.

The quarry and property development company proposed a cash bonus of 10 cents per share, and a rise in its final dividend to 17 cents from 12 cents for a 1978 total of 38 cents.

Stronger performance for Carlsberg Malaysia

BY WONG SULONG IN KUALA LUMPUR

CARLSBERG MALAYSIA again performed well last year, with the company widening its market, and reporting growth in profits, although there was some erosion of margins as the result of rising costs.

Pre-tax profits rose by 12.5 per cent to 6.85m ringgit (U.S.$3.1m) with sales rising by 26 per cent to 58.4m ringgit (U.S.$26.5m). After-tax profits showed a 22 per cent increase, from 3.4m to 4.2m ringgit.

The company said that the tax charge for the year stood to have been reduced by 2.2m ringgit by claims for accelerated depreciation allowance on plant and machinery acquired during the year.

However, this claim was disregarded in computing the tax because the proposal for accelerated depreciation allowance made in the 1978 Budget had not been enacted.

Carslberg is declaring a final dividend of 15.8 per cent, bringing dividends for the year to 22.5 per cent on the enlarged capital of 18m ringgit, compared with 25 per cent on the share capital of 12m ringgit for 1977.

Island and Peninsular

By Wong Sulong in Kuala Lumpur

ISLAND AND PENINSULAR, the large Malaysian mining, plantation and housing group, has announced that its profits for 10 months ending January, 1979, were almost the same level as its record profits for the full year ended in March, 1978.

The group changed its financial year to January since becoming a subsidiary of the Pernas Organisation, and pre-tax profits were 19.1m ringgits (US$ 8.7m) compared with 19.2m ringgits for the full year ended last March.

Island and Peninsular is paying a final dividend of 10 per cent, making total dividends for the 10 months to 19 per cent, as against 17 per cent for the previous 12-month period.

Confidence at Rennies

JOHANNESBURG — Rennies Consolidated Holdings faces 1979 with confidence and expects the upward momentum of the South African economy to be maintained to the group's advantage, Mr. C. W. Fiddian Green, the chairman said in the annual report.

Pre-tax profit in 1978 was R13m ($15.4m), against R10.1m previously on turnover R161.8m ($191m), against R150m, and taxed profit R7.3m (R4.6m). Earnings per share totalled 32.2 cents (20.0 cents) and dividends 15 cents (10 cents).

The group's financial structure is now considered satisfactory, he said, noting that the ratio of interest bearing borrowings to shareholders' funds fell to 80 per cent last year (103 per cent) and current ratio improved to 1.3 (1.2).
Reuter.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)

281 Greenwich High Road, Greenwich SE10 8NL

Deposit Rate 6.45%. Share Accounts 8.10%. Sub'pn. Shares 9.25%. Interest paid quarterly on shares/term shares, Monthly Income Shares 8.10%.

LONDON GOLDHAWK
(01-995 8321)

15/17 Chiswick High Road, London W4 2NG

Sub'pn. Shares 9.75%*, Deposit Rate 7.75%.

Share Accounts 8.50%*

Term Shares 9.25%*, 2 yrs.: 9.00%, 1 yr.

* Includes 0.25% Centenary Bonus throughout 1979

WORLD STOCK MARKETS

Early Wall St. rally on OPEC oil price news

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—61¾% (66%)
Effective $2.0535 27¼% (31½%)

NEWS THAT OPEC has decided upon oil price increases less than had been feared brought a recovery on Wall Street yesterday morning in fairly active trading after Monday's decline.

The Dow Jones Industrial Average improved 5.80 to 860.62

Closing prices and market reports were not available for this edition.

at 1 pm, while the NYSE All Common Index was 32 cents higher at $57.08. Gains outscored declines by about a five-to-three margin and turnover expanded to 20.03m shares from Monday's 1 pm level of 16.37m.

Analysts said with the OPEC decision out of the way, the stock market was able to resume its recent rise, although worries about President Carter's planned energy message and the threat of a Teamsters' strike remain.

The Oil group showed renewed firmness. Among the actives, Exxon added ⅛ to $52½ and British Petroleum ⅛ to $23½. Volume leader Gulf Oil, however, eased ⅛ to $26¾.

Atlantic Richfield, which is to develop the Kuparuk oil field in Alaska, rose 1⅛ to $62⅜ and Louisiana Land 1⅛ to $28¼.

Macandrews and Forbes advanced 1⅛ to $18⅜. A privately held company has bought about 361,000 of its shares as an investment. UV Industries, whose holders have approved a plan of liquidation, put on ⅜ to $35 in active trading.

Gaming shares advanced, aided by a bullish assessment of Atlantic City. Caesars World moved ahead 1⅛ to $59⅝, Bally Manufacturing $1 to $64⅞, active Ramada Inns ⅛ to $11¼ and Playboy ⅛ to $22⅜.

THE AMERICAN SE Market Value Index rose 1.62 to 173.39 at 1 pm in an active business of 2.70m shares (2.17m).

Resorts International "A" topped the Amex actives list and advanced 2⅛ to $47⅝. Golden Nugget gained 1⅛ to $24⅛.

Riley moved ahead 5⅛ to $47⅛. It is holding talks to sell a controlling stake to an unnamed company.

Dome Petroleum rose 1⅛ to $117¼, Canadian Superior Oil 1⅛ to $91⅜, Acquitaine of Canada 1⅛ to $26⅛ and Houston Oil ⅛ to $19⅛.

Canada

A further advance by Oil issues featured firmer-inclined markets in active early trading yesterday.

The Toronto Composite Index put on 4.0 to 1,463.6 at noon, while the Oils and Gas subsection moved ahead 25.5 more to 2,232.7 on index.

Golds gained 3.7 to 1,706.8 and Utilities 0.77 to 213.75, but Banks lost 1.70 to 300.37 and Papers 0.23 to 161.63.

The trading halt in George Weston and Hudson's Bay was continued at the opening at the request of the companies, pending further news of Weston's planned bid for 51 per cent of Hudson's Bay.

Tokyo

With the market remaining hesitant awaiting the outcome of the OPEC meeting on oil prices, shares again closed with a slight bias to lower levels.

The Tokyo SE index shed 0.25 to 451.26, although the Nikkei-Dow Jones Average edged up 7.42 to 6,109.02. Business was moderate, with 260m shares changing hands, compared with Monday's light volume of 190m.

Aluminium issues and a number of other Metals attracted buyers, along with some Pharmaceuticals and selective speculative stocks, but Light Electricals were among declining shares.

Shimadzu Seisakusho gained Y12 to Y430, Nippon Oil Y11 to Y820, Kyoto Ceramic Y40 to Y4,0000 and Mitsui Y8 to Y322.

In contrast, Sony receded Y30 to Y1,820, Matsushita Electric Y11 to Y660 and Casio Y13 to Y832.

Sekisui Prefab. Y15 down at Y815, and Daiwa House retreated on news of slow housing sales.

Germany

Helped by statements from the OPEC Geneva meeting indicating more moderate oil price rises than originally feared, German stock markets took a turn for the better yesterday. The Commerzbank index picked up 4.3 to 778.5.

Sentiment was also boosted by talk that non-German residents may soon be able to enjoy tax credits on dividend payments, as talks with the U.S. and Switzerland on a double taxation agreement are reportedly far advanced.

Dresdner led a rally in Banks with a rise of DM 5.50 to DM 221.50, while Deutsche Bank and Bayerische Vereinsbank gained DM 3 apiece.

BASF put on DM 1.10 in Chemicals, while Karstadt and Kaufhof were each around DM 3 higher in Stores, Linde added DM 4 in Engineerings, while Volkswagen gained DM 2.50 among Motors, although Daimler Benz shed DM 1.

Paris

Bourse employees yesterday decided to prolong their month-old strike over pay until mid-day today, when they will meet again to vote on further action, a union spokesman stated.

The Paris Stockbrokers' Association again issued Forward Market share and bonds quotations under the special procedure introduced earlier in the strike.

Hong Kong

Stock prices declined across a broad front in another thin business, shadowing a weaker Hong Kong dollar, with some operators expecting an increase in local interest rates when the Exchange Banks meet this week-end. The Hang Seng index retreated 12.08 to 543.48.

Hong Kong Bank receded 40 cents to HK$13.20, Hong Kong Land 10 cents to HK$7.70, Jardine Matheson 40 cents to HK$11.90, Wheelock "A" 12½ cents to HK$3.125, Hutchison Whampoa 15 cents to HK$4.075, Swire Pacific "A" 15 cents to HK$8.05 and Hong Kong and Kowloon Wharf HK$1.00 to HK$34.00.

Australia

Minings and Oils were mainly in easier mood while Industrials showed no clear trend in rather quiet markets again dominated by activity in Kelvinator shares.

In another heavy turnover, Kelvinator forged ahead 39 cents further to A$2.81, while Email, which is trying to gain a controlling interest, lost 2 cents more to A$1.08.

Email and the Kelvinator allies are each estimated to hold over 30 per cent of Kelvinator's issued capital. Yesterday's closing price for Kelvinator compares to the A$2.30 cash per share offered by Email in its revised partial take-over bid.

John Fairfax advanced 17 cents to A$1.72 on the share rise in interim profits and proposed one-for-four scrip issue.

BHP, however, shed 10 cents more to A$11.10 after recent strength, while ANI declined 4 cents more to 4 cents to A$1.70.

Atherton Antimony dropped 42 cents to a price of 28 cents in reaction to news that it will not extent its interest in the Vuda gold prospect in Fiji because of disappointing results from sampling tests.

In Uraniums, Peko-Wallsend reacted 14 cents to A$5.56, while among Diamond explorers, CRA receded 7 cents to A$3.70 and Ashton Mining 3 cents to A$1.12.

However, firm exceptions in Minings included Hamersley, 5 cents up at A$2.70, and Bougainville, 3 cents harder at A$1.91.

Johannesburg

Gold shares generally showed some improvement in quiet dealings.

Mining Financials were steady to harder, but diamond leader De Beers declined 8 cents to R8.32. Coppers were little tested, but Platinums advanced strongly, with Rusplat adding 20 cents at R3.10 and Implats 10 cents at R4.10.

Antimony share Consolidated Murchison gained 25 cents to R5.65.

Industrials were firmer-inclined in light trading ahead of today's Budget. AMIC rose 30 cents to R14.00 and Barlow Rand 15 cents to R5.70.

Amsterdam

Shares were in firmer fettle in slow trading, with the announcement of lower-than-expected OPEC oil price rises forming a favourable later background factor.

Royal Dutch gained Fl 1.30 in Dutch Internationals.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. ≠ Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Mar. 26	Mar. 23
Abbott Labs	32⅝	32⅝
AM International	20⅛	20¼
Adobe Oil & Gas	23⅛	23½
Aetna Life & Ca.	45⅜	45⅛
Air Products	28	27¾
Alcan Aluminium	37⅛	37⅞
Alcoa	54¼	54⅝
Corning Glass	55⅝	56¼
CPC Int'rnation'l	53	54
Crane Co	30¾	30⅞
Crocker Natl	28½	28⅝
Crown Zellerb'h	36½	36½
Cummins Engine	37⅝	37¾
Curtiss Wright	14⅝	14½
Dana	27⅞	28⅛
Johns Manville	24½	24⅞
Johnson Johnson	68¼	69
Johnson Control	29¾	30
Joy Manufacturg	32½	33⅛
K. Mart	24⅞	25
Kaiser Alumini'm	20	20¼
Kaiser Industries	2¼	2⅝
Kaiser Steel	29	29¼
Kaneb Services	15⅛	14¾
Revlon	48¾	48⅞
Reynolds Metals	37¼	37⅛
Reynolds R.J.	58	58⅝
Rich'son Merrell	23	22¾
Rockwell Inter	37⅝	37¼
Rohm & Haas	37	37⅛
Royal Dutch	67	66¾
RTE	10⅝	10⅞
Woolworth	22⅛	22⅛
Wyly	5¼	5⅛
Xerox	58⅝	58¾
Zapata	15⅞	16½
Zenith Radio	14½	14⅞
U.S. Treas.4%'80	†95	†95
USTreas4¼%75/85	†80	†80
U.S. 90-day bills	9.54%	9.55%

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

	Mar. 26	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 19	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
● Industr'ls	854.82	859.75	861.31	857.76	850.31	857.55	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.47	84.25	84.42	84.45	84.40	84.46	90.86 (4/1/78)	84.08 (1/1/79)	—	—
Transport	219.31	219.76	218.20	217.42	216.98	216.61	254.46 (7/9)	199.31 (9/1/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.47	104.79	104.53	104.23	103.72	103.89	110.98 (6/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	23,440	35,020	34,380	31,120	27,280	34,780	—	—	—	—

● Day's high 860.01 low 851.52

	Mar. 23	Mar. 16	Mar. 9	Year ago (approx)
Ind. div. yield %	5.75	5.80	5.87	6.16

STANDARD AND POORS

	Mar. 26	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 19	1978-79 High	1978-79 Low	Since C'mpil't'n High	Since C'mpil't'n Low
Indust'ls	112.77	113.43	113.34	113.03	112.14	112.79	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	101.04	101.68	101.87	101.25	100.50	101.06	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/6)	4.40 (1/6/32)

	Mar. 21	Mar. 14	Mar. 7	Year ago (approx).
Ind. div. yield %	5.03	5.11	5.17	5.46
Ind. P/E Ratio	8.58	8.44	8.93	8.48
Long Gov. Bond Yield	9.02	9.02	9.01	8.15

N.Y.S.E. ALL COMMON

Rises and Falls

GERMANY ◆

Mar. 27	Price DM.	+ or —	Div. %	Yld. %
AEG	61.3	+0.1	—	—
Allianz Versich.	459.5	—5.5	31.2	3.4
BMW	226.5	+0.5	28.12	6.2
BASF	157.1	+1.1	18.75	6.8
Bayer	138.2	-1.0	18.75	6.8
Bayer.Hypo	264	-1	28.12	5.3

TOKYO ¶

Mar. 27	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	348	-1	14	2.0
Canon	569	-1	12	1.0
Casio	832	-13	25	1.5
Chinon	390		20	2.6
Dai NipponPrint	543	-2	18	1.6
Fuji Photo	662	+6	15	1.1
Hitachi	262		12	2.3

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Banks Ltd.	13 %
Amro Bank	13 %
American Express Bk.	13 %
A P Bank Ltd.	13 %
Henry Ansbacher	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13 %
Bank of Credit & Cmce.	13 %
Bank of Cyprus	13 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons	13 %
C. E. Coates	13 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13 %
Greyhound Guaranty	13 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	14 %
Hongkong & Shanghai	13 %
Industrial Bk. of Scot.	13½%
Keyser Ullmann	13 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13 %
London Mercantile	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Rossminster	13 %
Royal Bk. Canada Tst.	13 %
Schlesinger Limited	13 %
E. S. Schwab	14 %
Security Trust Co. Ltd.	14 %
Shenley Trust	15 %
Standard Chartered	13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

CANADA

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

COPENHAGEN ♣

MILAN

VIENNA

AUSTRALIA

PARIS

BRAZIL

STOCKHOLM

OSLO

JOHANNESBURG

SPAIN ♥

MONDAY'S ACTIVE STOCKS

Financial Rand U.S.$0.76½ (Discount of 35.3%)

Coffee stockpile urged

By Richard Mooney

...N INTERNATIONAL coffee ...ockpile will be proposed by ...exico at the International ...offee Organisation (ICO) ...eeting in London next week. Sr. Manuel Aguilera Gomez, ...rector-general of the Mexican ...offee Institute (Inmecafe), ...ld Reuters yesterday he ...ans to propose a coffee price ...nge of $1.80-$2.00 a pound.

"We believe this is the only ...y of solving the coffee price ...oblem," he said.

The ICO meeting, which ...rts on Tuesday, has been ...lled to consider price stabili- ...tion measures following the ...cline of world prices below "floor" level agreed by the ...O Council last September.

Nearby London futures prices ...ve risen by more than £250 ...tonne since this "floor" ...vel was breached six weeks ...o.

The stockpile scheme has ...en proposed many times ...thout result and opposition ...it still seems strong. Major ...nsumers are against it and ...e coffee trade is not impres- ...d.

As to the Mexican price ...nge proposal, it was thought ...ghly unlikely that consumers ...uld agree to a figure any- ...here near this level.

Indian jute strike ends

NEW DELHI — Port workers ...Calcutta have abandoned un- ...nditionally a 15-day strike that ...d crippled jute exports to the ...S., the Soviet Union and ...pan, a spokesman for the ...lcutta Port Trust said.

The stoppage by 884 workers ...manding higher pay cost India ...estimated $25m worth of ...ports of hessian, sacking and ...rpet backing.

Jute is one of the biggest ...reign exchange earners for the ...untry. In 1978, India exported ...15m worth of jute products, ...ostly carpet backing.

In December, 1978, only 3,700 ...ns of jute products were ...ported compared with 55,800 ...ns in December, 1977. There ...ve been hardly any exports ...r the January-March period ...is year.

...P-Dow Jones

Rubber pact hopes rise as U.S. changes stance

BY BRIJ KHINDARIA IN GENEVA

PROSPECTS FOR an early agreement on an international rubber pact improved yesterday when the U.S. put forward revised proposals at the opening of the negotiating conference here.

Mr. Richard Ogden, the chief U.S. delegate, said the new proposals contained major concessions. But the assesment of some of the producing countries was more cautious.

For the producers the most significant point in the altered U.S. views is Washington's apparent willingness to accept 150 Malaysian cents a kilo as the absolute "floor," below which the world price of rubber will not be allowed to fall. It would be controlled by a buffer stock system to be included in the arrangement.

Mr. Ogden did not reveal any figures in his statement, but said only that in pricing provisions the U.S. was "prepared to be flexible on the producers' need for a lower indicative price level."

His offer of flexibility is, however, being taken with a pinch of salt. It appears the U.S. has not yet given up its earlier notion of a price band built around a reference price level, which would be patterend on the long-term price trend for natural rubber.

For the producers, such a reference price would perpetuate past patterns instead of putting their exports on a rising income trend.

There seems to be some confusion now about the nature of the price mechanism to be used. Mr. Ogden's statement is being taken as indicating agreement that the mechanism should include a lower and upper price band within which the actual world price would be kept. But it is unclear whether there will be another narrower band contained within the larger one.

The producers want a system where one wider band, stipulating *absolute maxima and minima*, would contain a second band indicating the price levels at which the buffer stock manager would begin operations.

The trade-off, apparently being sought by the U.S. for its concession concerning the lowest price level, is a larger buffer stock size of 600,000 tonnes, rather than the 500,000 tonnes total suggested by producers.

The U.S. is also seeking some clear formulation of supply assurances by producers, and repeated its keenness to obtain "an appropriate consultative provision regarding Government policies that directly affect natural rubber prices and supplies."

For some producers such a provision would be a step towards allowing consumers to interfere with domestic fiscal and other policies.

The U.S. also wants the creation of a committee on production and marketing within the arrangement, with the purpose of "expanding future supplies and assuring a growing *dynamic natural rubber sector.*"

Despite the scepticism of some producers, Mr. Ogden's statement has gone a long way towards relaxing some of the tension that marked the start of the 15-day negotiations yesterday.

Inco monitoring nickel orders

BY JOHN EDWARDS, COMMODITIES EDITOR

INTERNATIONAL NICKEL of Canada confirmed yesterday that it was monitoring nickel orders and rejecting those which appear speculative or unusual.

The company said this was its normal policy during periods of heavy demand in order to protect its regular customers against supply shortfalls.

A spokesman denied that supplies were being allocated or rationed. But it did admit that some customers were being asked to consider taking alternative products in cases where products were interchangeable.

New talks aimed at ending the six-month-old strike at Inco's Sudbury mines are being held this week with an Ontario Government mediator meeting union and company officials on separate days. But after "frank *and useful" talks with the union* yesterday, the mediator said he was not optimistic about a quick resumption of bargaining between the two sides.

The lengthy strike is evidently beginning to affect Inco's supply situation. The company said *earlier* this month it would be able to maintain regular deliveries throughout the second quarter of the year.

But the strike at its main producing unit in Sudbury has already reduced surplus stocks considerably and could be causing shortages of some products. Inco's nickel stocks at end December fell to 230m lb from a peak of 341m lb at end 1977 and the loss of production from Sudbury is estimated at around 20m lb a month.

Current stocks, therefore, must have been reduced to at least 170m lb and possibly lower because of the rise in demand.

Inco restarted publicly quoting nickel prices in February, and there was a general rise in producer prices this month. The reduction in surplus supplies, *and resurgence of demand*, has also brought substantial increases in the free market prices of nickel.

London dealers said yesterday that cathodes were trading at between $2.42-$2.47 a pound, cif, and briquettes at $2.40-$2.44, compared with the producers' delivered works price of $2.30 for plating nickel and $2.25 for *melting nickel.*

Dealers said that consumers were now turning to the free market for extra supplies to build up stocks that had been run down to a low level since most producers, like Inco, were limiting the amounts they were prepared to sell.

Adding to the upward pressure on prices are reports that the Soviet Union, normally the main supplier to the free market, is having difficulty in meeting its commitments having apparently oversold last year.

One dealer commented that he had never seen such a quick turnround in a market from surplus to scarcity. But others warned that demand may have been *inflated by consumers* bringing stocks up to normal levels rather than any great fundamental rise in nickel consumption.

Oil rise unsettles copper

By Our Commodities Editor

COPPER PRICES fell back in nervous conditions on the London Metal Exchange yesterday.

The market was unsettled by news of the smaller than expected rise in oil prices, which dealers felt would relieve pressure on the U.S. dollar and reduce buying interest in commodities. This was also reflected in the lower prices for gold and silver.

The vulnerable state of the copper market at the higher levels was underlined when after opening strongly prices quickly moved down and cash wirebars eventually closed £17 down at £1,036 a tonne. However renewed buying support came in at the lower levels.

Lead defied the general downward trend in metal prices following reports of *renewed buying by the Soviet Union.* But cash lead after rising to £580 came under pressure later and closed at £573 a tonne, still £9.5 up on the previous day.

The U.S. producer, Asarco, however last night firmly denied rumours that it had already cut back shipments from its Glover lead smelter. A spokesman said deliveries were normal at present, but he confirmed the earlier warning that a cutback might be needed if the strike continues at the Ozark lead-zinc mine.

Common Fund outlook poor, says Schmidt

BONN — Helmut Schmidt, the West German Chancellor, does not believe the fund to stabilise commodity prices, agreed between industrial and developing states, will have a great future.

In an after-dinner speech here yesterday, he said he preferred a system of stabilising the losses in export revenues of raw material producers, but nevertheless supported the common fund, agreed in negotiations within the framework of the United Nations Conference on Trade and Development (UNCTAD) in Geneva last week.

"We *sometimes have to accept* developments without being totally convinced of their efficiency," Herr Schmidt said.

Reuter

EEC AGRICULTURE TALKS

French prepare farm price rise package

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE, as President of the *EEC Council of Ministers*, is expected later today to propose a 2 per cent average increase in common farm prices for the year 1979-80.

Proposals representing what the French consider an appropriate compromise among the nine Governments will be sent to the other EEC delegations here.

The French are believed to be seeking a rise of less than 2 per cent on products chronically in surplus such as milk and sugar, and a little more than 2 per cent on products such as pigmeat, beef, cereals, fruit and vegetables, in which the current surpluses might be considered seasonal rather than structural.

The French believe they have the firm backing of Germany and the Benelux countries, and that the Danes, Irish and Italians are not averse.

Private comments from these national delegations support the French claim, although most appear ready to accept price freeze if pushed to it. Britain is quietly insistent that all major

However the issue of prices is not expected to be put to the vote this week.

Farm Ministers spent much of yesterday dscussing technical details having devoted most of the morning to restating their opposition to the Commission's proposals for a tax on milk production.

Today they return to their national capitals and are expected to reassemble for further talks here tomorrow afternoon, *when it is hoped that they* will approve the use of the new European currency unit ECU) for farm pricing, together with "green" devaluations for Italy, France, Ireland and the UK.

On Monday Mr. Finn Olaf Gundelach the EEC Agriculture Commissioner, warned the Ministers that he could not continue to administer the common agricultural policy if they did not reach a positive decision on the ECU later this week. However this, together with the "green" devaluations, is expected to be approved.

Decisions on the two other major elements in this year's price review—the level of common prices and the tax on milk production—are not expected before the next meeting of the farm council, due to be held in Luxembourg on April 9 and 10.

In the meantime, the Commission may adjust its proposals in the light of general reaction to the French proposals.

Extension likely for UK pork import ban

BY CHRISTOPHER PARKES

CONTINENTAL exporters' hopes of winning access to the British pork market this summer seemed certain to be frustrated for at least six months, according to sources in the Ministry of Agriculture.

The European Commission in Brussels is expected to extend until the end of the year a ruling which allows the UK to bar imports of pork from most of its Common Market partners.

The ruling was due to expire on July 1, and farmers have been worried about the impact on their incomes should the barrier be lifted.

The special derogation permitting the ban on free trade on grounds of animal health has protected the UK pig herd and, incidentally, the fragile market in pigmeat, since Britain joined the EEC.

Ministry sources said talks *had started and the Commission* appeared "sympathetic" to the British arguments that Continental supplies could expose British herds to the risk of infection from diseases currently not endemic in Britain.

A final decision is not expected until later in the year and certainly not before the European Parliament debates the issue in its May session.

The signs are, however, that the Commission will extend the derogation until December. If the Commission has not completed its assessment of the British arguments by July the UK Government is likely to continue with the import controls which are allowed for under national law.

British farmers fear imports, particularly from Holland, will undermine their prices.

Pigmeat production in the EEC is expected to reach record levels this year with a rise of 3 per cent over last year when output topped 9.25m tonnes. Most of the increase will be concentrated in the first half of the year, according to the British Meat and Livestock Commission.

Biggest rises are expected in Holland (+10 per cent), Denmark (+9 per cent) and West Germany (+6 per cent).

Israel citrus exports rise

By Our Tel Aviv Correspondent

ISRAEL'S citrus exports during the 1978-79 season will reach 50m cases, compared with 46.5m shipped abroad in 1977-1978.

The increase is mainly in "Shamoutis" (Jaffa) of which 22.5m cases are being exported this year, or almost 3m cases more.

The quantity of soft fruit (mandarines, clementines, etc.) has also been expanded as part of a trend towards these varieties which, however, do not yet play a large part in the export total.

Shipments of late oranges of the Valencia type have now started. So far, 1.7m cases have been sent out of an anticipated total of 9.5m, according to the director of the Citrus Marketing Board.

Proceeds from this season's exports are expected to rise to $250m against $180m last season. This is due partly to the increase in quantity and partly to higher prices obtained.

However, growers claim their actual income has declined by 20 per cent as costs have risen by more than 60 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange, as the market, thought to be overbought and vulnerable to adverse news, reacted to reports of a rise in oil prices. Forward metal traded strongly pre-market at £1,065, but then started to fall away, helped by aggressive selling in the morning cathodes Ring. In the afternoon a low for the day of £1,045 was touched, but there was a rally to £1,050 with fair buying reported and the close on the Kerb was £1,047. Turnover: 21,800 tonnes.

Amalgmated Metal Trading reported that in the morning cash wirebars traded at £1,046, 46.5, three months £1,062, 61, 62, 63, 62.5, 63, 62, 60, 59, 58, 57, 58, 57. Cathodes, cash £1,038, 38.5, three months £1,050, 48, 46, 47. Kerb: Wirebars, three months £1,054, 55, 54, 53, 52, 51, 50.5, 51, 51.5, 52, 52.5, 52. Afternoon: Wirebars, three months £1,050, 51, 52, 51.5, 51, 48, 47, 48, 47.5, 47, 46.5, 47, 48, 48.5. Kerb: Wirebars, three months £1,050, 51, 50, 49, 48, 47, 46, 45, 46, 47, 48, 49, 48.5, 50, 49.5, 50, 49, 48, 47.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1045.5-6	-6.55	1035.5-6.5	-17
3 months	1057.5	-6.5	1048-.5	-15.5
Settl'm'nt	1046	-8.5	—	.....
Cathodes				
Cash	1036-.5	-9.25	1028-30	-14.5
3 months	1046.5	-10.5	1041-2	-14
Settl'm'nt	1035.5	-9.5	—	
U.S. Smt.	—	.....	*93-105.25	.....

TIN—Subdued, but forward metal turned easier under the influence of copper, a lack of physical business and light selling in a thin market. However, the premium of high grade over standard cash indicated a shortage of high grade stocks. With the East higher overnight forward standard metal started at £7,330, but slid to close on the Kerb at £7,250. Turnover: 970 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7480-500	+30	7435-65	-5
3 months	7340-60	.....	7315-35	-22.5
Settlem't	7500	+30	—	.....
Standard				
Cash	7410-5	-12.5	7375-85	-57.5
3 months	7315-20	-5	7290-5	-20
Settlem't	7415	-15	—	.....
Straits. E.	‡$1984	-15	—	.....
New York	—	.....		.....

Morning: Standard, cash £7,410, 20, 15, three months £7,330, 20, 10, 15. High Grade, cash £7,480. Kerb: Standard, three months £7,310, 15. Afternoon: Standard, *Early April* £7,370, three months £7,310, £7,300, £7,290, 85, 80, 80, 65, 80, 85, 95. High Grade, cash £7,435. Kerb: Standard, three months £7,295, 90, 60, 50.

LEAD—Gained ground. Forward metal opened higher at £537 and rose sharply to touch the day's high of £543 in response to trade buying before falling back to close at its opening levels following the setback in copper. Turnover: 7,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	579-80	+15.5	572-4	+9.5
3 months	542.5-3	+15.5	538-9	+7
Sett'ment	580	+15	—	.....
U.S. Spot	—	.....	*44	-8

Morning: Cash £578, 79, three months £540, 41, 42, 43, 39, 40, 41, 41.5, 42, 42.5. Kerb: Three months £539, 40, 41, 41.5, 42. Afternoon: Three months £540, 39.5, 40, 39, 38. Kerb: Three months £539, 38, 38.5.

ZINC—Barely changed despite the *decline in copper. Forward metal* traded between £408 and £411 before closing on the late kerb at the former price. Good buying of cash material, thought to have been on east European account, narrowed the contango to around £10 from £12.5. Turnover: 5,750 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	395.5-6.5	+4.25	397.5-8.5	-1.5
3 months	407.5-8	+3	411-2	-3.25
S'ment	396.5	+4.5	—	.....
Prim.west	—	.....	*37.5	.....

Morning: Three months £411, 10, 9, 8, 7. Kerb: Three months £407. Afternoon: Three months *£408*, 6, 6.5, 7, 8. Kerb: Three months £407.5.

ALUMINIUM — Little changed on balance although forward *metal* was strong during the morning, rising from £780 to £787, helped by some short-covering. But there was no follow-through at this level and the price came back to close on the Kerb at £779. Turnover: 5,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	792.5-3	+5.25	790-1	-.5
3 months	782-3	+4	780-1	+1.75

Morning: Cash £792, 93, three months £786, 87, 86, 85, 81, 80, 81, 82, 83, 82. Afternoon: Cash £791, 90, 89, three months £781, 80.5, 80, 79, 80. Kerb: Three months £779, 80, 79.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COCOA

In dull conditions values were contained within a narrow range with origins and consumers sidelining, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1640.0-50.0	-6.0	1656.0-1647
May	1671.0-72.0	-7.0	1682.0-1664
July	1661.0-62.0	-11.0	1677.0-1657
Sept	1685.0-84.0	-12.0	1695.0-1681
Dec	1745.0-46.0	-13.0	1755.0-1741
March	1770.5-74.5	-11.5	1780.0-1770
May	1795.0-1800	-13.5	1805.0-1795

Sales: 3,248 (2,764) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 26: 151.50 (150.72). Indicator prices for March 27: 15-day average 154.10 (154.40); 22-day average 156.31 (156.75).

COFFEE

ROBUSTA coffee futures opened unchanged to slightly higher as possible producer-linked buying coupled with Commission House support absorbed early trade selling during a quiet but steady morning session, reported Drexel Burnham Lambert. The afternoon was very disappointing as prices remained fixed in a tight range before some late profit-taking and selling pressure in the nearby months contributed towards *an easier close*. Values finished £3.5-£17.0 down on the day.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
March	1445-1455	-17.0	1470-1445
May	1470-1472	-5.5	1483-1470
July	1487-1488	-5.5	1507-1485
September	1505-1507	-5.5	1525-1504
November	1512-1515	-8.0	1534-1512
January	1510-1517	-4.5	1529-1528
March	1506-1510	-6.0	1525-1515

Sales 5,672 (8,317) lots of 5 tonnes.

ICO Indicator prices for March 26 (U.S. cents per pound): Colombian Mild Arabicas 136.00 (same); unwashed Arabicas 144.00 (142.00); Robustas ICA 1968 137.50 (138.00); Robustas ICA 1976 137.00 (134.09); other Mild Arabicas 133.33 (132.67); Composite daily average 131.63 (131.28).

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened 10 higher but found good merchant buying interest and closed steady at 30 higher despite some commercial selling. New crops found chartist and general Commission House buying but rises were limited by steady country hedge selling. There was some commercial selling in new crop during the afternoon session, which saw values back to unchanged to 10 points higher, reported Acli.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
May	99.30	+0.30	95.25	+0.30
Sept.	92.70	.....	86.55	.....
Nov.	95.85	+0.10	89.75	+0.05
Jan.	99.45	.....	93.40	+0.10

IMPORTED—Wheat: CWRS No. 1 13½ per cent: unquoted. U.S. Dark Northern Spring No. 2 14 per cent: April/May 83.00, May 82.50, June 81.25, transhipment East coast. U.S. Hard Winter 13½ per cent March 89.75, transhipment East coast. EEC: unquoted. Maize: U.S./French April 110.00, May 111.00, transhipment East coast. South African White: Unquoted. South African Yellow, May 74.00 UK. Barley: English feed fob April 97.50, April/June 98.50, Oct./Dec. 91.50, Jan./March 96.50, East coast.

Business done—Wheat: May 94.00-99.10; Sept. 92.85-92.80; Nov. 95.90-95.85; Jan. 99.55-99.45. Sales: 98. Barley: May 95.35-95.00; Sept. 86.70-86.60; Nov. 89.90-89.75; Jan. 93.45-93.40. Sales: 132.

HGCA—Location ex-farm spot prices. Other milling wheat: NE England 100.00. Feed barley: NE England 94.00, Berks and Oxon 93.00.

The UK monetary coefficient for the week beginning April 2 (based on HGCA calculations) is expected to remain unchanged.

RUBBER

STEADIER opening on the London physical market. Fair interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 265 (264) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
April	62.50-62.55	61.50-61.70	62.50-62.45
May	63.50-63.80	62.50-62.80	—
Apr-Jne	65.50-65.60	62.60-62.80	65.75-65.00
Jy-Sept.	67.45-67.60	65.50-65.55	67.90-67.10
Oct-Dec	69.45-69.50	67.55-67.60	69.80-69.00
Apr-Jne	71.50-71.55	71.50-71.60	71.50-71.00
Jy-Sept.	73.50-73.40	73.45-73.55	73.40-72.90
Oct-Dec	75.20-75.25	75.55-75.60	75.45-75.00
Jan-Mar	77.15-77.20	—	77.45-77.10

Sales: 451 (532) lots of 15 tonnes and 2 (17) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 61p (60.5); May 62.75p (same); June 63.5p (same).

SILVER

Silver was fixed 0.5p an ounce higher for spot delivery in the London bullion market yesterday at 376.15p. U.S. cent equivalents of the fixing levels were: spot 772.6c, up 5.7c; three-month 789.8c, up 6.8c; six-month 804.9c, up 6.7c; and 12-month 830.6c, up 6.4c. The metal opened at 376-377½p (772-775c) and closed at 371-372½p (762-765c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	376.15p	+0.5	372.9p	-4.4
3 months	385.95p	+0.7	382.3p	-4.75
6 months	394.15p	+0.7	—	.....
12 months	409.05p	+0.2	—	.....

LME—Turnover 331 (218) lots of 10,000 ozs. Morning: Three months 387, 86.8, 86.5, 86.8, 87, 87.2, 87, 86.9, 86, 84.8, 84.5, 84.7, 84.3, 84.1, 84, 84.2. Kerb: Three months 384, 83.7, 83.5, 83.6, 83.5, 83.7. Afternoon: Three months 383, 82.5, 2.8, 2.5, 2.3, 2, 81.8, 2.3, 2.7, 2.5, 81.3, 1.8, 82, 81.8, 82.3, 82.5, 82.3. Kerbs: Three months 382.3, 82, 81.8, 82, 81.8, 81.5.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales) Micron Contract: May 407.0, 410.0, 407.0-404.0, 12; July 416.0, 417.0, 421.0-415.0, 19; Oct. 412.0, 412.5, 413.0-409.0, 38; Dec. 412.5, 413.0, 413.0-408.5, 59; March 414.5, 415.5, 416.0-413.0, 33; May 415.0, 415.5, 415.5-414.0, 5; July 417.0, 418.0, 418.0-418.0, 13. Sales: 179.

LONDON GREASY—Close (in order buyer, seller): March 237.0, 243.0; May 243.0, 247.0; July 247.0, 253.0; Oct. 250.0, 255.0; Dec. 250.0, 255.0; March 250.0, 255.0; May 250.0, 255.0; July 250.0, 255.0. Sales, Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 197.0, 204.0; May 198.0, 202.0; July 202.0, 206.0; Oct. 205.0, 207.0; Dec. 207.0, 211.0; March 207.0, 213.0; May 207.0, 213.0; July 207.0, 213.0. Sales: Nil.

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£per tonne		
April	126.50-30.0	-0.25	127.00-126.50
June	128.90-29.0	-0.6	129.90-128.50
August	130.80-31.0	-0.2	131.50-130.90
October	129.50-30.5	-0.5	130.30-130.00
December	127.00-27.5	-0.5	127.50
February	127.50-28.8	-0.35	—
April	128.00-31.0	.....	—

Sales: 128 (108) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (£105.00) a tonne cif for March-April shipment. White sugar daily price was fixed at £104.00 (same).

After opening unchanged from kerb levels prices eased somewhat later following reports that India had invited bids for April-June shipment, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	107.80-07.85	108.70-08.75	109.00-07.80
Aug.	111.60-11.70	112.70-12.5	113.00-11.50
Oct.	114.65-14.70	115.75-15.85	116.00-14.45
Dec.	117.45-17.55	118.40-18.50	118.00-17.25
March	121.85-21.90	122.75-23.00	122.50-21.75
May	124.00-24.05	125.00-25.05	125.00-24.00
Aug.	126.75-26.50	127.75-28.10	128.00-27.75

Sales: 2,100 (927) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £171.50 (£172.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 26: Daily 8.62 (8.55); 15-day average 8.48 (8.45).

WHITE SUGAR—Close (in order buyer, seller, business, sales) July 107.75, 108.00, 108.75-108.00, 100; Sept. 113.40, 113.60, 114.20-113.75, 67; Nov. 117.25, 117.50, 118.00-117.75, 10; Feb. 125.25, 125.75, nil, nil; April 129.50, 130.00, 130.25-130.00, 7; July 133.00, 135.00, nil, nil; Sept. 136.10, 138.00, nil, nil. Sales: 184.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound: Beef: Scotch killed sides 54.0 to 58.0; Eire hindquarters 65.0 to 70.0, forequarters 34.0 to 38.0.

Veal: English fats 60.0 to 66.0; Dutch hinds and ends 88.0 to 92.0.

Lamb: English small 60.0 to 74.0, medium 60.0 to 68.0, heavy 56.0 to 65.0; Scotch medium 58.0 to 68.0, heavy 54.0 to 64.0; Imported frozen—NZ PL New Season 48.0 to 49.0, PM New Season 47.5 to 48.0.

Pork: English, under 100 lbs 36.5 to 45.0, 100-120 lbs 36.5 to 44.0, 120-160 lbs 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package (except where otherwise stated) Imported Produce: Oranges—Spania: Navels 3.20-3.60, Bloods 3.00-3.40; Israeli: Shamouti 4.40-5.40; Cyprus: 3.30-4.20; Moroccan: Valencia Lates 3.70-3.80. Ortaniques—Jamaican: 46/126 6.50-8.50. Lemons—Italian: 120s 4.80; Cyprus: Trays 3.40-4.30, cartons 126/180s 4.00-6.00; Spania: Trays 30/40/45 2.20-2.40. Grapefruit—Cyprus: 2.50-4.20; Israeli: Jaffa 27/88 3.45-4.25. Apples—S. African: Dunn's 6.00-7.00, Golden Delicious 7.50-8.50; *French Golden Delicious (40-lb) 138/*175s 3.30-4.50, (20-lb) 72s 2.10-2.20, 84s 1.80-1.90; Granny Smith (40-lb) 138/163 4.50-6.00, (20-lb) 72s 2.80, 84s 2.40, (jumble pack) per pound 0.08-0.10. Stark Crimson (40-lb) 138/198s 4.00-5.60, (20-lb) 84s 1.80-2.20, 72s 2.40-2.50, (jumble pack) per pound 0.08-0.09; Starking Delicious (40-lb) 150/175s 3.60-5.00; Hungarian: Starking Delicious 40-lb 5.20; Italian: Granny Smith per pound 0.11-0.12. Pears—Per pound, Italian: Passacrassane 0.13; S. African: Williams Bon Chretien 6.50, Beurre Hardy 6.10-6.20. Plums—S. African: Per pound Kelsey/Sunnold 0.55, Golden King 0.52-0.54. Bananas—Jamaican: Per 26-lb 4.00-4.50. Pineapples—S. African: 10/11s 3.60-4.40; Ivory Coast: each 0.40-0.90. Grapes—S. African: Cartons, Alphonse 5.60, Waltham Cross 5.80, Barlinka 5.80. Strawberries—Per 8 oz Israeli: 0.53-0.55. Avocados—Israeli: 3.50-3.60. Melons—Chilean: White 15 kg 5.50, Green 8/11 6.00; S. African: Small boxes 2.50-3.00; Columbian: Green 4.50, yellow 4.00. Onions—Dutch: 2.40; S. African: 22-lb 1.80; Hungarian: 55-lb 2.60; Canadian: 50-lb 3.20; Polish: 55-lb 3.40. Tomatoes—Canary: 4.20-5.20. Cucumbers—Canary: 10/18s 2.80-3.00; Dutch: 12/16s 3.30-3.50; Romanian: 12s 3.40. Cauliflowers—French: 24s 9.50, Jersey: 9.00-9.50. Lettuce—Dutch: 24s 4.60; French: 12s 2.20. Celery—Spanish: 15/36s 3.60-4.50; Florida: 36s 7.50. Cabbages—Dutch: White, net 5.00-5.50. Potatoes—Canary: 25-kg 4.80-5.00; Egyptian: 50-lb 4.20-4.50; Cyprus: New crop 6.00. Capsicums—Canary: 5-kg 5.00; Cuban: 4.00.

English Produce: Potatoes—Per 25-kg 1.70-2.30. Lettuce—Per 12 round 2.20-2.40. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.05-0.11; Cox's Orange Pippin 0.08-0.17; Spartan 0.05-0.10; Laxtons 0.05-0.06. Pears—Per pound Conference 0.11-0.16. Cabbages—Per net 4.50. Beetroot—Per 28-lb 0.80. Carrots—Per 28-lb 0.80-1.20. Onions—Per 28-lb 1.80-2.50. Rhubarb—Per pound 0.20-0.24. Swedes—Per 28-lb 0.90-1.00. Turnips—Per 28-lb 1.00-1.10. Parsnips—Per 28-lb 1.00-1.10. Sprouts—*Per 0.15-0.20. Cucumbers—Tray 12/*18s 3.00-3.60. Tomatoes—Per pound 0.43-0.48.

MEAT COMMISSION—Average fatstock prices at representative markets on March 27. GB cattle 73.10p per kg l.w. (+0.23). UK sheep 164.0p per kg.est d.c.w. (+6.2). GB pigs 59.0p per kg.l.w. (−0.9). England and Wales: Cattle number down 2.8 per cent, average price 73.16p (+0.26). Sheep number up 20.6 per cent, average price 166.0p (+6.41). Pig numbers down 14.8 per cent, average price 58.6p (−1.1). Scotland: Cattle numbers up 11.3 per cent, average price 72.05p (+0.16). Sheep numbers down 3.1 per cent, average price 145.0p (+0.7). Pig numbers up 27.7 per cent, average price 61.7p (−0.2).

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 27 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (as)	$1,590/610	+18.0	$1,475/95
Copper			
Cash w'bar	£1036	-17.0	£995
3 mth „	£1048.25	-15.5	£1.015
Cash Cathode	£1029	-14.5	£988
3 mth „	£1041.5	-14.0	£1,001.5
Gold troy oz	$243.625	-2.0	$247.625
Lead cash	£573	+9.5	£540
3 mth	£538.5	+7.0	£507.75
Nickel	£2523.14	....	£2,520.69
Freemkt(cif)(lb)	244/49c	+4.0	$202/15c
Platin'm tr'y oz	£164.5	....	£164.5
Free mkt	£197.20	-1.75	£202.7
Quicksil'ver	$255/65	+5.0	$228/35
Silver troy oz	376.15p	+0.5	370.6p
3 months	385.95p	+0.7	381p
Tin cash	£7,380	-37.5	£7,300
3 mths	£7292.5	-20.0	£7,225
Tungsten	$137.51	....	$127.94
Wolfrm 22.04 cif	$135/40	....	$139/46
Zinc cash	£398	-1.5	£395.5
3 months	£408.25	-3.25	£409
Producers	$800	....	$800
Oils			
Coconut (Phil)	$1,015	+2.5	$990
Groundnut	‡		‡
Linseed Crude	£441r	....	£413
Palm Malayan	$579r	+5.0	$699
Seeds			
Copra Philip	$690s	....	$675
Soyabean (U.S.)	$322r	+2.95	$310.65
Grains			
Barley Futures	£86.55	....	£94.35
Maize			
French No 3 Am	£110w	....	£109
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£89.75	-0.25	£88
Eng. Milling†	£103t*	....	£98.5
Other commodities			
Cocoa ship't	£1.707	-7.0	£1,841
Future May	£1.671.5	-7.0	£1,811
CoffeeF't'rMay	£1.471	-3.5	£1,356.5
Cotton A'index	75.3c	-0.3	77.25c
Rubber kilo	61p	+0.5	61.75p
Sugar (Raw)	£103	-2.0	£105
Wooltp's 64s kl	288p	....	484p

* Nominal. † New crop. ‡ Unquoted. *p* April-May. *q* May-June. *r* May. *s* June-July. *t* April-June. *v* March-April. *w* April. *x* Per ton. *z* Indicator. § Buyer.

CORAL INDEX: Close 540-545

AMERICAN MARKETS

NEW YORK, March 26.

Cocoa—May 143.75 (143.50), July 146.75 (146.15), Sept. 148.80, Dec. 151.85, March 154.30, May 155.80, July 157.05. Sales 631.

Coffee—"C" Contract: March 134.00-134.75 (134.00), May 136.40-136.75 (136.90), July 140.20-140.25, Sept. 142.25-142.50, Dec. 142.30-142.50, March 141.00-141.25, May 141.75-142.90, July nil. Sales: 1,514.

Copper—March 96.20 (94.60), Apl. 96.50 (94.85), May 97.10, Jly. 97.40, Sep. 97.35, Dec. 97.30, Jan. 97.25, Mch. 97.10, May 96.95, Jly. 96.80, Sep. 96.65, Dec. 96.45, Jan. 96.40.

Cotton—No. 2: May 60.40-60.55 (62.32), July 62.55-62.60 (64.30), Oct. 64.10, Dec. 64.05-64.20, March 65.50, *May 66.50-66.75, July, 67.50 bid. Sales:* 10,050.

*Gold—March 246.00 (241.50), April 246.20 (241.80), May 248.60, June 251.00, Aug. 255.50, Oct 260.00, Dec. 264.50, Feb. 269.10, April 273.70, June 278.30, Aug. 282.90, Oct. 287.60, Dec. 292.70.

*Platinum — April 406.50-407.40 (397.80), May 407.00-407.30 (398.00), June 407.10-407.30, July 406.70-406.70, Oct. 407.90-408.00, Jan 409.80-410.00, April 412.20, July 413.50-413.70, Oct. 415.70-415.90. Sales: 1,644.

Potatoes (round whites)—Nov. 60.5-60.6 (60.0), March 67.5-68.5 (68.0), April nil, May 81.0-81.7. Sales: 36.

¶Silver—March 776.00 (760.20), Apl. 776.50 (762.00), May 782.50, July 792.20, Sept. 801.90, Dec. 816.30, Jan. 820.30, March 830.30, May 839.90, July 849.50, Sep. 859.10, Dec. 873.80, Jan. 878.60. Handy and Harman Spot 774.00 (770.50).

Sugar—No. 11: May 8.63 (8.60), July 8.95 (8.93-8.94), Sept. 9.17, Oct. 9.28, Jan. 9.54, March 9.93, May 10.10, July 10.32.

Tin—720.00-730.00 nom. (715.00-730.00 nom.). Spot 720.00-730.00 asked (715.00-730.00).

CHICAGO, March 26.

Lard—Chicago loose 28.50 (28.00). New York prime steam 30.00 traded.

‡‡Maize—May 250-249½ (248½), Jly. 257½-249¾ (250½), Sep. 254¾, Dec. 260¾-260½, Mch 268½, May 274½.

Plywood—May 205.6 (205.9), Jly. 206.0 (205.7), Sep. 204.6, Nov. 202.8, Jan. 204.3, March 204.7 nom., May 204.5.

Silver—March 775.5 (760.4), April 776.0-777.0 (761.4), May 782.5, June 789.0-788.5, Aug. 798.5, Oct 808.5-808.8, Dec. 818.5, Feb. 828.0, Apr. 838.0, June 847.5, Aug. 857.5, Oct. 867.5, Dec. 877.5, Feb. 888.0, April 898.5, June 909.0, Aug. 919.5 nom., Oct. 930.0.

Shell Eggs—April 53.70 asked 53.50 (54.55), May 52.50 (52.35), June nil, Sept. 60.35, Nov. nil, Dec. 63.90. Sales: 136.

‡Soyabeans—May 783½-782 (774), July 791-789 (779), Aug. 783-781, Sept. 740, Nov. 715½-716, Jan. 724, March 734, May 741½.

‡Soyabean Meal—May 205.40-205.20 (202.90), July 200.00-208.30 (205.50).

This edition went to press before the latest U.S. commodity prices were available.

Aug. 206.70, Sept. 203.00-203.50, Oct. 197.80-198.00, Dec. 197.00-198.00, Jan. 197.00-197.10, March 199.00-199.50.

Soyabean Oil — May 28.22-28.25 (27.78), July 28.22-28.28 (27.85), Aug. 27.95, Sept. 27.10, Oct. 26.00, Dec. 25.50-25.55, Jan. 25.35, March 25.30, May 25.20-25.25, July 25.15-25.20.

‡Wheat—May 346¾-346½ (345¼), July 326¾-327 (325½), Sept. 330, Dec. 338½-339, March 347½.

WINNIPEG, March 26. §Rye—May 108.40 bid (107.70 bid), July 105.00 bid (104.40 asked), Oct. 105.40 asked, Dec. 104.90 asked.

§Barley—March 82.00 (82.70 bid), May 82.50 (82.60 bid), July 82.20 asked, Oct. 83.60, Dec. 83.20 asked.

§Oats—March 83.00 (83.90), May 81.50 (81.60 asked), July 79.50 asked, Oct. 82.50 bid, Dec. 82.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 185.71 (190.00).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 27

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent arrived $168.50. U.S. Hard Winter wheat ordinary not offered. U.S. No 2 Red Winter wheat June $148.75, July $144.75, Aug. $146.75. U.S. No 2 Northern Spring wheat 14 per cent May $152.50, June $149.50, July $148, Aug. $147.25.

Maize: U.S. No. 3 Corn Yellow AFL $127, March $127, April $125.50, May $125, June $124.50, July-Sept. $123.75, Oct.-Dec. $125, Jan-March $131.

Soyabeans: U.S. Two Yellow Gulfports afloat $315.75, March $317.25, April $316.50, May $316.50, June $317.25, July $317.50, Aug. $317.25, *Sept.* $311.25, Oct. $287.50, Nov. $285.75, Dec. $289.50, Jan. $293, Feb. $297, March $298, sellers Oct. $287.30, paid firm. Brazilian unquoted, Argentina May $306, June $306, July $306.50, sellers.

Soyameal: 44 per cent protein U.S. AFL $247, April $247, June-Sept. $247.50, Nov.-March $243 traded AFL $247, April $247, June-Sept. $247, Nov.-March $243.50, sellers. Brazil pellets all positions $253.

PARIS, March 27.

Cocoa (FFr per 100 kilos): March 1500 asked, May 1428/1432, July 1430-1470, Sept. 1460-1475, Dec 1480-1492, March 1483 bid. Sales at call three. Accumulative total 71.

Sugar (FFr per 100 kilos): May 902-906, July 921-925, Aug. 941-943, Oct. 983-985, Nov 980-990, Dec. 1015-1020, March 1055-1065, May 1075-1085. Sales at call nil.

INDICES

FINANCIAL TIMES

Mar. 26	Mar. 23	M'nth ago	Year ago
274.39	274.55	268.07	237.36

(Base: July 1, 1952=100)

MOODY'S

Mar. 26	Mar. 23	M'nth ago	Year ago
1065.2	1067.0	1050.5	910.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 26	Mar. 23	Month ago	Year ago
Spot	380.51	380.90	384.82	366.43
F'tur's	387.67	386.78	385.26	358.68

(Average 1924-25-26=100)

REUTERS

Mar. 27	Mar. 26	M'nth ago	Year ago
1571.9	1574.1	1550.7	1437.4

(Base: September 18, 1931=100)

Wheat talks planned

SYDNEY—Mr. Doug Anthony, Australian Trade and Resources Minister, is to hold talks in the U.S. and Canada on the future of international wheat trading, a spokesman for Mr. Anthony said here.

He said Mr. Anthony will meet Mr. Bob Bergland, U.S. Agriculture Secretary, on Friday and Otto Lang, Canadian Wheat Board Minister, next Monday.

The talks were described as purely exploratory. They follow a suggestion by Mr. Lang that major wheat exporters should discuss some type of co-operation after the breakdown of negotiations for a new international wheat agreement.

The main purpose of Mr. Anthony's visit to the U.S. is to seek improved access for Australian farm exports, notably beef and wool.

Reuter

Increasing conviction of election shortly inspires widespread support for Gilt-edged and industrials

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18
Apr. 9	Apr. 19	Apr. 20	May 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Regardless of the outcome of today's no-confidence vote, the view was strong in stock market yesterday that a general election would be held within the next two months. This motivated widespread demand for both equities and British Funds, the latter also being stimulated by the continuing strength of sterling. Gains in the Funds extended to 2 points and the Government Securities index advanced 1.12 to 74.15.

Although not on the previous Friday's scale, a good institutional demand for equities coupled with some keen public support often found the market short of stock and many quotations recorded double-figure gains. The pace of the rise in the leaders proved a little too fast, however, and this was reflected in the movement of the FT 30-share index which touched its best of the day at 3 p.m. with a gain of 10 points before reacting to close 8.9 up on balance at a new high for the year of 539.2 and only 10 points off its all-time peak of 549.2.

The overall strength of equities was well illustrated by the FT-Actuaries All-Share index which moved up 1.6 per cent to an all-time high of 266.71 since compilation in 1962. Official bargains were 7,834 compared with 8,079 on Monday.

A fresh upsurge in Government stocks was generated from domestic and overseas sources of the general view that the country would prosper through a change of Government. Foreign support was drawn by sterling's continued firmness and with the market becoming increasingly short of stock, gains of two points appeared in some high-coupon longs.

Last week's newcomer, Exchequer 12¼ per cent 1999 (£40-paid), rose that much to £43⅞ to establish a premium of £3⅞ on the tender price in only three days' trading. The shorts established rises extending to ⅜, despite being a little overshadowed, but in all sectors the trend late in the day was a shade easier.

Further widespread selling of investment currency was countered at one stage and a fair business ensued, albeit at lower rates. But in the late afternoon fresh offerings went unresisted and the premium slipped back to close a net 4¼ points down at the day's lowest of 61⅞ per cent. Yesterday's SE conversion factor was 0.7734 (0.7585).

Banks better

Buyers returned for the major clearing banks and closing gains ranged to 10. Midland, 418p, and NatWest, 355p, both ended that much better, while Barclays added 8 to 458p as did Lloyds to 338p. Discounts mirrored the buoyancy of Gilt-edged securities with Cater Ryder and Union 10 dearer at 338p and 365p respectively. Merchant banks continued to attract good support and Hambros were a prominent feature at 243p, up 10. Grindlays put on 11 to 140p. A combination of domestic and investment currency influences prompted dullness in foreign issues such as Hong Kong and Shainghai, 167p, and Bank of New South Wales, 236p, which fell 11 and 9 respectively.

Insurances contributed to the general firmness. Sun Alliance jumped 20 to 602p and Phoenix 10 to 292p. Buying in front of their respective preliminary statements today left Legal and General 6 up at 186p and Prudential 5 higher at 178p, after 182p. Equity and Law Life touched 220p on the results but retreated later to close unaltered at 210p.

Business in Breweries was active with buyers predominating, although the leaders tended to end slightly below the day's best. Bass rose 5 to 203p, Guiness added 4 at 184p and Whitbread closed 3½ better at 116½p. Despite the virtual profits standstill, Boddingtons firmed 3 to 106p following the company's confidence concerning current and future trading.

A useful demand arose for Building issues where gains were widespread, but sometimes pared in the late dealings. Blue Circle, however, closed at the day's best of 338p, up 12, as did BPB, which added 10 to 310p, but Tarmac finished only 3 dearer at 191p, after 195p, and London Brick closed unaltered at 78p, after 79p. Brown and Jackson firmed 25 for a two-day gain of 60 to 450p and M. P. Kent put on 5 to 61p. Still reflecting the satisfactory annual results, Federated Land rose 7 more to 80p, while the higher profits and bonus issue directed attention towards Gibbs and Dandy A, up 4 at 44p. Ahead of tomorrow's preliminary results, Mixconcrete advanced 7 to 79p. Ibstock Johnsen, at 202p, recovered the previous day's fall of 8 which followed the annual results. In Timbers, Magnet and Southerns added 11 to 186p and Montague L. Meyer 4 to 106p.

ICI touched 404p before late selling trimmed the rise to 2 at 402. A small interest prompted a gain of 8 to 321p in Fisons, while the higher annual profits and proposed one-for-three rights issue lifted Brent 10 to 295p. Among other Chemicals, Rentokil added 5 to 108p and recently dull Yorkshire picked up 4 to 76p.

Burton wanted

Stores paraded widespread and sometimes substantial gains throughout the list. Burton issues were particularly outstanding as renewed speculative buying on revived enfranchisement and bid hopes lifted the Ordinary 25 to 313p, the A 16 to 288p and the Warrants 19 to 139p. Gussies A rose 16 to 408p, while Grattan Warehouses added 14 at 122p, the latter in response to better-than-expected annual results. Fresh bid speculation lifted Elys (Wimbledon) 30 further to 215p, while Bambers advanced 12 more to 217p on persistent buying in front of today's preliminary results. Wilkinson Warburton firmed 4 to 132p in response to the record profits. Elsewhere, Foster Bros., 226p, and Ernest Jones, 230p, added 10 apiece.

The Electrical leaders were led into higher ground by Thorn, which closed 14 to the good atz 416p. Consideration of the group's dividend potential helped sentiment in GEC, 8 better at 414p, after 416p, but Plessey closed only a penny dearer at 110p. Philips Lamps' dipped 13 to 765p, after 750p, on investment currency influences. Brocks Group hardened 3 to 97p following the sharply higher annual profits and proposed scrip-issue.

Leading Engineers were quick to respond to scattered buying interest and John Brown advanced to 568p before closing off the top at 561p for a rise of 10 on balance. A more useful demand left Hawker 10 higher at 260p, while gains of 8 were made by GKN, 286p, and Tubes, 414p. Among numerous secondary features, Averys, up 14 at 248p, encountered speculative support awaiting developments in the possible bid situation with GEC. Demand in a restricted market lifted Bullough 10 to 260p, while Ratcliffs (Great Bridge) continued to benefit from recent Press mention and rose 4 more to 89p. Revived buying left Midland Industries 7 to the good at 81p.

Foods displayed an abundance of gains. Tesco stood out with a rise of 2½ to 69½p, while Fitch Lovell encountered demand following Press comment highlighting bid possibilities and firmed 4 to 70p. Awaiting tomorrow's annual results, Bernard Matthews put on 8 in a thin market for a two-day gain of 29 to 261p. The recent interim results stimulated further interest in Morgan Edwards, which added 6 more to 102p, but the lower half-year revenue left Bluebird Confectionery 12 down at 83p.

In Hotels and Caterers, Ladbroke put on 6 to 224p and Grand Metropolitan improved 3½ to 150½p. Elsewhere, Savoy A added 5 to 93p, after 94p.

Beecham below best

A resurgence of demand ahead of tonight's no-confidence vote saw the miscellaneous Industrial leaders rebound sharply from Monday's lower levels. A fairly persistent inquiry pushed quotations higher from the start and although the best levels were not always held, closing improvements ranged to 10. Glaxo added that much at 595p, after 598p, as did Metal Box, at 342p and Unilever, at 646p. Beecham touched 733p before closing 7 up on balance at 725p. Elsewhere, Granada A jumped 14 to 152p in response to the Chairman's confident remarks about current year prospects, while Neil and Spencer rose 12 to 170p on speculative buying in a thin market. The increased interim earnings brought an improvement of 3 to 42p in Hensher A, while Royal Worcester firmed 3 to 178p in front of today's annual results. I.C. Gas, 440p, and E. Fogarty, 233p, rose 12 apiece, while Associated Communications, 144p, De La Rue, 442p, ICL, 522p, Lonsdale Universal, 115p and Gripperrods, 129p, all advanced around 7. Investment currency influences prompted falls of 12 and 40 respectively in Jardine Matheson, 150p, and Broken Hill Proprietary, 790p.

The Granada chairman's statement on current trading stimulated interest in Television issues while Ulster A and Scottish A put on 5 apiece to 80p and 75p respectively. In the Leisure sector, Horizon Midlands added 16 more at 214p on further reflection on the annual results, while renewed speculative interest prompted a rise of 6 to 128p in Pleasurama.

Motor Garages and Distributors again experienced a good trade with Hartwells firming 3 to 122p, Caffyns adding 4 to 119p and Lex Service rising 3 to 94p. Appleyard, on the other hand, disappointed a market clearly looking for better profits and closed 2 easier at 95p. Elsewhere, Zenith Carburetter fell 9 to 80p on the sharp downturn in profits.

Associated Newspapers, which has North Sea interests, benefited from the prospect of increased oil prices and closed 14 up at 229p, while sister company Daily Mail A rose 18 to 421p. United jumped 18 to 366p on the profits upturn and Waverley Cameron moved up 18 more for a two-day gain of 38 at 168p following the sharply increased profits and dividend. Wace firmed 3 to 98p after 100, after announcing a substantial improvement in full-year profitability together with a proposed 1-for-three scrip issue.

Persistent demand took Properties to higher levels and British Land were again outstanding at 74p, up 4. Land Securities firmed 6 to 296p and MEPC added 4 at 185p. Awaiting today's annual results, Slough Estates improved 4 to 157p. Among the more speculative counters, Amalgamated Estates put on a penny to 18p and Regional A gained 6 to 144p. Still reflecting the recent results.

Stimulated by the news of the OPEC price decision, Oils put on an impressive show of strength and the upturn gained further momentum in the later dealings. British Petroleum finished 34 to the good at 1118p and Shell advanced 21 to 736p. Considerable interest was shown in Ultramar, which added 10 to 298p, while Press comment drew attention to Tricentrol, up 13 at 195p. Burmah firmed 4 to 109p and Oil Exploration 8 to 244p, but the lower investment premium prompted marked dullness in Royal Dutch, down 1¼ at £42¼.

Textiles advanced over a broad front. Courtaulds moved up 3 to 114p, Coats Patons rose 1½ to 76p and SEETS 4 to 87p. A. Beckman, awaiting today's first-half statement, put on 2 to 85p, while Hicking Pentecost improved 9 in a thin market to close at 120p.

Early support lifted Guthrie to a new peak of 543p, but following the expected news that Sime Darby had allowed its bid to lapse sellers emerged to leave Guthrie at 530p for a net loss of 5 on the day. Sime held steady at the pre-announcement level of 89p, or 2 lower than Monday's close. Secondary Plantations were mixed. Bertam rose 10 to 145p and Jitra added 8 at 133p, but Dollar premium influences left Highlands 4 cheaper at 111p.

London-registered Financials made good progress in the wake of the UK equity market with Selection Trust, 8 firmer at 564p, Gold Fields, 4 up at 230p and Tanks, 2 better at 194p, all moving to new 1978-9 highs and Rio Tinto-Zinc 6 to the good at 318p.

Otherwise mining markets were depressed by a fall in the investment currency premium. South African Golds lost ground in sterling terms wtih the Gold Mines index a further 1.4 down at 159.7.

Prices in dollar terms, however, remained steady with modest overnight American interest and scattered Continental buying producing a 1.3 gain in the ex-premium index at 123.5. The bullion price moved erratically, touching $246.50 an ounce before closing $2 down at $243.625.

Australians were featured by the further slump in shares of Atherton Antimony which dropped 17 more to 15p, a two-day decline of 45p, following news that checks on assay results at the company's Vuda gold prospect in Fiji had proved disappointing.

Other Australians gave ground reflecting the uncertain trend in overnight domestic markets and the fall in the premium. Peko-Wallsend and Conzinc Riotinto were both around 20 lower at 398p and 262p. In Tins Jantar rose 1½ to 11p following news that Mr. E. S. Nassar is to make a 9½p per share takeover bid for the issued capital in Jantar not already owned.

Elsewhere Westfield Minerals advanced 9 more to 225p following renewed speculative buying. Pacific Copper Mines, however, reacted on profit-taking and the lower premium to close 6 cheaper at 112p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 20	Apr. 2	Jun. 14	Jun. 26
Apr. 3	Apr. 17	Jun. 28	Jul. 10
Apr. 18	Apr. 30	Jul. 12	Jul. 24

For rate indications see end of Share Information Service.

Conditions remained active with calls completed in EMI Spillers, Fitch Lovell, BSG, Talbex, Westland Aircraft, Jardine Secs., Baker Perkins, GRA, Ladbroke Warrants, Tesco, British Land, Marks and Spencer, Burton Warrants, UK Property, Siebens UK, Plessey, Britannia Arrow, P & O, Hoveringham restricted voting, Yorkshire Chemicals, Bamboo Creek, Selcast, Inveresk, Rolls-Royce, Mams, 600 Group, Bradford Property, ICI, Debenhams, Queen's Moat Houses, Slough Estates, Stock Conversion, Wilkinson Warburton, Evans of Leeds, Allied Breweries and Charterhall. A put was done in Associated Fisheries, while doubles were arranged in P & O and Associated Fisheries.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport...	25p	25	736	+21	736	484
BP	£1	20	1.118	+34	1.120	720
GEC	25p	18	414	+ 8	415	233
Beecham	25p	14	725	+ 7	727	581
Barclays Bank ...	£1	13	458	+ 8	460	296
Marks & Spencer	25p	13	110	+ 2	112	67½
Grd. Metropolitan	50p	12	150½	+ 3½	150½	87
GUS A	25p	12	408	+16	408	256
Royal Insurance	25p	12	425	+ 7	425	325
BAT Inds.	25p	11	330	—	362	260
P. & O. Defd. ...	£1	11	82	+ 1	118	70
ICI	£1	10	402	+ 2	421	328
Blue Circle	£1	9	338	+12	338	220
Glaxo	50p	9	595	+10	648	458
NatWest	£1	9	355	+10	356	250

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	68	—	14
Corpns. Dom. and Foreign Bonds	30	—	34
Industrials	626	217	674
Financial and Prop.	183	71	255
Oils	18	7	13
Plantation	6	14	12
Mines	25	74	41
Recent Issues	13	2	16
Totals	969	385	1,059

FINANCIAL TIMES STOCK INDICES

	March 27	March 26	March 23	March 22	March 21	March 20	A year ago
Government Secs.	74.15	73.03	73.05	73.29	72.54	72.56	74.73
Fixed Interest	74.41	73.56	73.75	73.24	73.35	72.92	70.14
Industrial	539.2	530.3	534.6	514.6	515.8	505.6	460.3
Gold Mines	159.7	161.1	161.7	159.1	158.6	167.6	157.7
Gold Mines Ex-$ pm	123.5	122.2	120.9	123.3	120.8	122.9	110.4
Ord. Div. Yield	5.50	5.40	5.35	5.55	5.49	5.60	5.88
Earnings Y'ld % (full)	14.11	14.33	14.20	14.74	14.57	14.89	17.42
P/E Ratio (net) (*)	9.03	8.90	8.97	8.65	8.74	8.56	8.11
Dealings marked	7,834	8,079	6,658	7,344	6,004	7,299	4,235
Equity turnover £m.	—	140.14	229.85	155.78	120.08	401.16	51.84
Equity bargains total	—	32,039	32,500	27,864	23,587	27,166	14,528

10 am 533.9. 11 am 530.0. Noon 537.3. 1 pm 540.1.
2 pm 540.1. 3 pm 540.3.
Latest Index 01-246 8026.
*Nil = 8.69.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (6/1/78)	64.64 (2/2/79)	127.4 (9/1/58)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	539.2 (27/3/79)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (28/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.5 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	March 27	March 26
– Daily		
Gilt Edged	94.5	110.7
Industrials	302.9	327.0
Speculative	45.0	44.7
Totals	178.5	185.9
5-d'y Av'r'ge		
Gilt Edged	115.2	122.9
Industrials	276.9	270.5
Speculative	41.6	41.2
Totals	163.5	161.1

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (347)

BRITISH FUNDS (11)
CORPORATION LOANS (1)
FOREIGN BONDS (1)
BANKS (14)
BEERS (11)
BUILDINGS (34)
CHEMICALS (7)
DRAPERY & STORES (28)
ELECTRICALS (17)
ENGINEERING (75)
FOODS (11)
HOTELS (3)
INDUSTRIALS (63)
INSURANCE (11)
LEISURE (7)
MOTORS (9)
NEWSPAPERS (8)
PAPER & PRINTING (4)
PROPERTY (36)
SHIPPING (1)
SHOES (4)
TEXTILES (5)
TRUSTS (26)
OILS (8)
OVERSEAS TRADERS (1)
RUBBERS (2)
TEAS (1)
MINES (3)

NEW LOWS (3)

AMERICANS (1)
Colgate Palmolive
BUILDINGS (1)
Jarvis (J.)

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Totals: 1753 (April), 1001 (July), 335 (Oct.)

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Totals: 388 (May), 270 (August), 72 (November)

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or –	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	[illegible]	[illegible]	Appl. Computer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Caledonian Highs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Hunting Assoc. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	M. Y. Dart Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Sedgwick F. New 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chepstow Race'c 5% Cnv. Uns. Ln. 1988	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grant (James) 10¾% Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or –
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Brammer (H.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Burco Dean	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Haslemere Estates	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hirst & Mallinson	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macpherson (D.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Park Place Invs.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rank Org.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Redman Heenan	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sekers Intl.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Taylor Woodrow	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., March 27, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Mar. 26 Index No.	Fri., Mar. 23 Index No.	Thur., Mar. 22 Index No.	Wed., Mar. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	273.89	+1.9	14.88	4.93	9.12	268.72	270.32	260.06	259.22	200.73
2	Building Materials (27)	253.94	+2.3	15.23	5.27	8.96	248.31	250.71	241.26	240.11	180.89
3	Contracting, Construction (28)	415.73	+2.1	18.79	4.91	7.41	407.13	408.89	392.47	390.92	317.95
4	Electricals (14)	658.39	+1.7	11.72	2.88	11.71	647.41	654.22	619.80	618.66	425.66
5	Engineering Contractors (12)	411.45	+1.5	16.45	5.51	8.22	405.22	405.89	401.21	398.78	284.73
6	Mechanical Engineering (75)	206.87	+2.0	16.14	5.45	8.26	202.85	203.01	197.13	196.37	160.82
8	Metals and Metal Forming (16)	181.35	+1.8	15.40	8.08	8.71	178.08	177.64	172.88	172.76	160.89
	CONSUMER GOODS										
11	(DURABLE) (53)	246.37	+2.1	14.70	4.42	9.06	241.34	242.81	235.25	235.00	183.38
12	Lt. Electronics, Radio, TV (16)	333.39	+2.6	11.63	3.22	12.06	325.08	327.71	314.89	314.49	217.78
13	Household Goods (12)	172.99	+0.5	17.15	6.34	8.06	172.12	171.95	171.48	170.52	168.30
14	Motors and Distributors (25)	128.14	+1.4	20.75	6.57	6.01	126.33	126.77	124.19	124.24	113.91
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	251.66	+1.8	13.95	5.18	9.39	247.15	247.37	240.75	240.86	194.01
22	Breweries (14)	269.43	+2.1	14.14	5.58	8.97	263.79	264.07	255.80	252.61	225.77
23	Wines and Spirits (6)	350.27	+1.5	13.36	4.27	10.92	344.96	348.74	337.63	341.25	249.60
24	Entertainment, Catering (17)	337.43	+2.2	13.19	5.66	10.03	330.21	331.16	323.03	321.58	244.28
25	Food Manufacturing (19)	229.04	+1.2	16.67	4.88	7.84	226.43	226.50	221.60	222.65	183.37
26	Food Retailing (15)	298.56	+1.8	10.79	3.95	12.59	293.42	298.74	285.57	284.39	190.56
32	Newspapers, Publishing (12)	451.24	+2.3	18.17	5.57	7.80	441.06	443.72	433.60	426.42	330.52
33	Packaging and Paper (15)	151.38	+1.4	16.72	6.94	7.80	149.25	149.52	145.48	143.80	125.47
34	Stores (40)	245.66	+2.4	9.97	3.87	14.36	239.89	241.27	233.01	233.96	182.05
35	Textiles (23)	191.04	+1.9	17.08	7.97	7.58	187.40	187.25	182.16	183.23	169.42
36	Tobaccos (3)	280.85	+0.8	20.29	7.33	5.66	278.62	272.59	271.12	272.50	232.79
37	Toys and Games (6)	95.42	+2.6	23.25	6.81	5.07	92.99	93.74	93.09	92.91	100.12
41	OTHER GROUPS (99)	227.62	+1.4	14.03	5.59	8.86	224.51	225.37	219.24	219.13	184.28
42	Chemicals (18)	316.08	+1.0	15.89	6.20	7.36	313.05	316.94	306.48	307.74	257.02
43	Pharmaceutical Products (7)	283.17	+1.1	9.81	4.13	12.37	280.02	280.20	271.52	273.19	240.50
44	Office Equipment (6)	152.36	+2.5	13.26	5.34	9.50	148.63	146.97	145.52	144.15	126.25
45	Shipping (10)	438.26	+0.9	13.80	6.94	9.19	434.40	439.20	429.51	427.79	428.11
46	Miscellaneous (58)	254.74	+1.8	15.03	5.71	8.87	250.29	250.22	244.24	242.67	191.46
49	INDUSTRIAL GROUP (494)	258.86	+1.8	14.26	5.15	9.17	254.38	255.16	247.54	247.34	199.02
51	Oils (6)	640.48	+3.1	12.30	3.39	8.64	621.42	629.19	614.77	618.88	448.71
59	500 SHARE INDEX	290.22	+2.0	13.94	4.87	9.08	284.60	285.91	277.78	277.81	219.88
61	FINANCIAL GROUP (115)	205.55	+2.2	—	4.92	—	201.04	202.55	196.61	197.01	165.00
62	Banks (6)	243.13	+2.2	27.19	4.97	4.78	237.96	240.65	229.00	231.09	185.67
63	Discount Houses (10)	247.34	+1.0	—	7.47	—	244.90	245.35	243.57	240.49	192.41
64	Hire Purchase (5)	182.41	+1.9	17.58	4.84	7.30	179.01	177.55	176.24	175.50	154.78
65	Insurance (Life) (10)	163.48	+2.8	—	5.79	—	159.05	159.45	154.39	153.39	140.15
66	Insurance (Composite) (7)	148.82	+2.8	—	6.23	—	144.73	146.58	142.37	143.15	130.00
67	Insurance Brokers (10)	352.15	+2.8	14.50	5.54	9.66	342.65	345.86	342.55	341.75	338.06
68	Merchant Banks (14)	96.10	+1.6	—	5.40	—	94.63	93.75	92.20	92.05	77.02
69	Property (43)	342.88	+1.6	3.22	2.38	49.28	337.59	339.71	332.88	331.60	234.20
70	Miscellaneous (10)	125.37	+2.1	18.02	6.40	6.91	122.83	122.43	120.48	121.17	104.39
71	Investment Trusts (111)	231.84	+0.1	—	4.73	—	231.62	230.39	228.93	229.64	185.77
81	Mining Finance (4)	135.98	−10.0	13.82	5.24	8.91	151.09	134.32	131.87	129.93	89.90
91	Overseas Traders (20)	375.72	+0.2	13.31	6.71	9.55	374.81	373.94	368.36	367.83	278.29
99	ALL-SHARE INDEX (750)	266.71	+1.6	—	4.92	—	262.50	262.97	255.86	255.99	204.12

FIXED INTEREST PRICE INDICES

	British Government	Tues., Mar. 27	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.94	+0.25	—	2.22
2	5-15 years	121.64	+1.83	—	1.58
3	Over 15 years	126.23	+1.42	—	2.06
4	Irredeemables	138.00	+2.13	—	1.78
5	All stocks	117.25	+1.07	—	2.18

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues., Mar. 27	Mon., Mar. 26	Year ago (approx.)
1	Low	5 years	9.37	9.50	7.75
2	Coupons	15 years	10.32	10.48	10.06
3		25 years	10.91	11.02	10.39
4	Medium	5 years	11.05	11.22	8.97
5	Coupons	15 years	11.67	11.85	11.14
6		25 years	11.96	12.23	11.32
7	High	5 years	11.37	11.56	10.17
8	Coupons	15 years	12.16	12.34	11.91
9		25 years	12.11	12.35	11.81
10	Irredeemables		10.73	10.96	10.42

		Tues. Mar. 27 Index No.	Tues. Mar. 27 Yield %	Mon. Mar. 26	Fri. Mar. 23	Thur. Mar. 22	Wed. Mar. 21	Tues. Mar. 20	Mon. Mar. 19	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.94	13.03	56.82	56.60	56.44	56.43	56.46	56.44	56.33
16	Investment Trust Prefs. (15)	51.00	13.65	51.00	50.98	50.86	50.86	50.86	50.86	50.16
17	Coml. and Indl. Prefs. (20)	71.40	13.18	71.31	71.31	71.16	71.28	71.19	71.27	71.01

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

...bey Unit Tst. Mngrs. (a)
...80, Gatehouse Rd., Aylesbury 0296 5941

...bey Gilt Int. Tst.	107.0	112.6	+1.4	3.13
...bey Capital	39.8	42.3	+0.7	4.09
...bey Income	46.6	49.6	+0.7	6.16
...bey Inv. Tst. Fd.	39.7	42.2	.....	4.56
...bey Gen. Tst.	53.9	57.3	+1.0	4.07
...gias Prog. Tst.	73.7	77.8	+0.6	4.34

...en Harvey & Ross Unit Tst. Mngrs.
..., Cornhill, London EC3V 3PB. 01-623 6314.

...R Gilt & Pref.	95.0	100.0	.....	12.50

...ied Hambro Group (a) (g)
...mbro Hse., Hutton, Brentwood, Essex.
...588 2851 or Brentwood (0277) 211459

...anced Funds

...ied 1st	77.7	83.1xd	+1.1	5.01
...t. Inds. Fund	76.3	81.6	+1.1	4.90
...h. & Inc.	43.2	46.2	+0.6	4.76
...ct. & Ind. Dev.	41.7	44.6	+0.6	4.17
...ied Capital	82.4	88.2	+1.0	4.10
...mbro Fund	126.4	135.2	+1.9	4.62
...mbro Acc. Fd.	145.4	155.6	+2.4	4.22

...ome Funds

...h Yield Fd.	80.4	86.0xd	+0.4	7.56
...h Income	74.6	79.8xd	+0.8	6.60
...H. Eq. Inc.	44.2	47.3	+0.5	6.49

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	51.1	54.6	+0.5	3.98
Do. Accum.	67.5	72.1	+0.7	3.98

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital March 15	110.7	114.0	.....	4.39
Gross Income Mar. 15	82.3	83.7	.....	8.60
High Yield March 15	91.1	93.3xd	.....	8.48

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	105.2	111.9	+2.2	2.70
Do. Acc.	129.2	137.4	+2.8	2.70
G.T. Inc. Fd. Un.	177.5	188.8	+1.9	8.50
G.T. U.S. & Gen.	126.4	134.5	−0.6	3.10
G.T. Japan & Gen.	85.7	90.4	−0.9	2.00
♦Gt. Pens. Ex. Fd.	201.9	211.9	.....	2.90
G.T. Int'l. Fund	151.0	160.6	−0.2	1.70
G.T. Four Yds. Fd.	60.3	64.1	.....	7.90
G.T. Far East & Gen.	45.0	48.3	−0.4	2.00

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	39.3	42.0	+0.7	4.38

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster March 26	41.7	43.7	.....	5.77
Exempt Feb. 28	104.9	108.9	.....	5.14

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	57.0	59.9	+2.6	3.17

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	76.1	81.0	.....	4.06

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	57.5	61.0	+0.7	6.03
Mutual Inc. Tst.	80.0	85.2	+1.0	6.80
Mutual Blue Chip	49.3	53.2	+0.5	6.12
Mutual High Yld.	63.2	67.5	+0.5	8.00

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income March 15	164.8	170.8	.....	5.79
(Accum. Units)	229.0	238.0	.....	5.79
Capt. March 15	144.0	149.4	.....	3.15
(Accum. Units)	177.2	183.8	.....	3.15

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	56.9	60.6	+2.6	4.35
(Accum. Units)*	70.7	75.3	+3.2	4.35
NPI O'seas. Trust	135.4	143.3xd	.....	2.20

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prolific Units	94.8	151.5	+1.5	3.05
High Income	147.3	157.8	+1.9	6.39

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	151.5	161.0	+2.5	4.21

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	125.3	130.6	.....	3.73
Quadrant Income	140.1	144.5	.....	7.68

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	74.6	79.8	+2.5	5.43
Sekforde T. (Acc.)	49.3	52.7	+0.3	5.06
Sekforde T. Inc.	47.0	50.3	+0.2	5.06

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	93	100	.....	2.45
Ridgefield Income	97.0	104.0	.....	8.85

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N. C. Equity Fund	193.8	206.1	+4.9	3.28
N.C. Engy. Res. Tst.	116.5	123.9	−2.4	2.39
N.C. Income Fund	169.4	180.2	+3.1	6.85
N.C. Intl. Fd. (Inc.)	83.1	88.4	−2.2	2.07
N.C. Intl. Fd. (Acc.)	84.2	89.5	−2.4	2.07
N.C. Smllr Coys Fd.	191.9	204.2	+1.1	3.78

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking.

Am. Exempt	22.4
Am. Growth	27.4
Am. Smaller Cos.	29.3
Exempt High Yld.	30.0
Exempt Mkt. Ldrs.	31.4
Extra Inc. Tst.	32.7
Income Dist.	43.6
Inc. 10% Wdrwl.	33.1
Inv. Tst. Units	28.2
Intl. Growth	49.9
Market Leaders	35.5
"Nil Yield"	30.4
Pref. & Gilt Trust	22.9
Property Shares	37.5
Special Sit. Tst.	40.2
U.K. Grth. Accum.	27.0
U.K. Grth. Dist.	23.3

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2.

Capital March 27	117.8
(Accum. Units)	143.9
Income March 27	219.8
(Accum. Units)	336.0
General March 21	97.5
(Accum. Units)	123.2
Europe March 22	31.1
(Accum. Units)	34.6
*Pn&ChaFd March 20	196.4
*Recovery March 6	219.9
Spec. Ex. March 6	295.3

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US7.50	+0.07	—

Net asset value March 21.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£11.66	11.72xd	.....	11.93

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	126	130	.....	3.85

Next dealing date April 3.

Gov't Secs. Tst.	96.0	99.5xd	.....	12.56

Next dealing March 27

East & Intl. Tst. (CI)	99	106	.....	3.54

Next dealing date April 5.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

US$1 Shares	$US1.48	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US112.15	112.73	.....	8.21

Prices at March 15. Next sub. day March 21.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,918	1,977	−1	8.07

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Keyser-Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,361	1,494	+7	2.30
Bondselex	Fr119.75	125.75	.....	—
Cent. Assets Cap.	£143.42	143.50xd	+0.05	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.78	9.81	.....	11.75
Gilt Trust (I.o.M.)	111.3	114.2	+1.1	11.75
Gilt Fnd. Guernsey	9.94	9.97	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£19.66	19.75	−0.34	—
First Intl.	$US208.87	211.40	+0.07	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.	1,068		.....	4.49
Guernsey Inc.	71.3	75.7	.....	2.94
Do. Accum.	89.4	94.9	.....	2.94
KB Far East Fd.		$US13.15	+0.41	1.52
KB Gilt Fund	£11.16	11.29	.....	11.60
KB Intl. Fund		$US12.38	.....	1.86
KB Japan Fund		$US36.23	+0.72	0.69
K.B. U.S. Gwth. Fd.		US$12.52	.....	1.60
Signet Bermuda		$US5.23	+0.10	1.72
K.B. Int. Bd. Fd.		US$102.13	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas.	56.2	59.2xd	.....	1.62

Next dealing April 17.

Lloyds Trust Gilt	£10.66	10.67	.....	12.00

Next dealing April 4.

[illegible]

Jardine Estn. Tst.	HK$305.14	.....	2.50
Jardine J'pn. Fd.*	HK$390.81	.....	0.90
Jardine S.E.A.	$US17.15	.....	2.10
Jardine Flem. Int.	HK$12.40	.....	—
Intl. Pac. Secs. (Inc.)	HK$13.33	.....	—
Do. (Accum.)	HK$13.52	.....	—

NAV March 14. *Equivalent US$80.41. Next sub. day March 30.

T.M.T. Ltd. Mar. 8	£10.93	11.21	.....	2.97

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$US17.03	−0.05	—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	103.0	103.9	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	......	—	—
41	33	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed.....	98	......	—	f3.10

BONDS & RAILS—Cont.

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MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	12	.....	—	—	—
171	64	Bougainville 50 Toea	133	−6	Q15c	1.0	7.0
140	63	BH South 50c	107	−3	—	—	—
820	150	Central Pacific	500		—	—	—
336	148	Conzinc Riotinto 50c.	262	−18	¶Q10c	ϕ	2.3
36	19	Cultus Pacific N.L.	31	.....	—	—	—
27	9½	Endeavour 20c	17½	.....	—	—	—
98	45	G.M. Kalgoorlie $1	79	.....	—	—	—
68	18	Haoma Gold N.L.	34	−3	—	—	—
170	81	Hamptn Areas 5p.	168	.....	ϕ13.55	2.0	3.2
55½	10	Metals Ex. 50c	53½	+½	—	—	—
275	125	M.I.M. Hldgs. 50c	229	−9	†Q9c	1.7	2.2
22	10	Minefields Expl.	15	.....	—	—	—
74	10	Mount Lyell 25c	60	.....	—	—	—
43¼	11¾	Newmetal 20c	18	−4	—	—	—
143	79	North B. Hill 50c	111	−7	Q8c	1.3	4.1
22	8½	Nth. Kalgurli	17	−1	—	—	—
50	12	Nth. West Mining	32	−3	—	—	—
178	102	Oakbridge SA1	108	.....	Q12c	1.9	6.4
42	10	Otter Exploration N.L.	28	−3	—	—	—
121	30	Pacific Copper	100	.....	—	—	—
£15½	725	Pancont'l 25c	925	−25	—	—	—
40	12	Paringa M&Ex 5p	21	−1	—	—	—
570	310	Peko-Wallsend 50c.	398	−20	Q15c	3.3	2.2
300	50	Southern Pacific	185	−15	—	—	—
188	84	Westn. Mining 50c.	173xd	−8	†Q3c	0.7	1.0
11	7	Westmex	11	.....	—	—	—
100	35	Whim Creek 20c	55	.....	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29xd	−1	2.81	1.3	14.4
435	240	Ayer Hitam $M1	350xd	−10	Q300c	0.5	18.4
72	45	Beralt Tin	71	.....	4.0	ϕ	8.4
305	190	Berjuntai $M1	220	−5	†Q110c	1.0	11.9
185	111	Geevor	160	.....	H5.57	5.8	5.2
11	8	Gold & Base 12½p	8½	+½	—	—	—
350	220	Gopeng Cons.	340	+5	18.0	1.4	7.9
355	130	Hongkong	355	.....	12.5	2.5	5.3
93	64	Idris 10p	70	.....	‡12.0	1.6	‡
11	7	Jantar 12½p	11	+1½	—	—	—
84	63	Kamunting $M0.50	77	.....	†Q12.5c	2.1	3.5
340	133	Killinghall $M1	330	.....	—	—	—
470	280	Malay Dredging $M1	420xd	−15	†175c	0.7	9.0
78	40	ΔPahang	44	−4	—	—	—
85	50	Pengkalen 10p	32	−2	4.5	1.2	8.2
270	165	Petaling $M1	235	.....	Q120c	1.3	11.0
87	49	Saint Piran	77	.....	†2.03	6.5	3.9
70	47	South Crofty 10p	56	+1	†4.19	2.0	11.2
245	140	South Kinta $M0.50	195	−5	‡sQ145c	0.6	16.0
410	230	Sthn Malayan $M1	365xd	−5	†Q190c	1.0	11.2
285	134	Sungei Besi $M1	270	.....	mQ65c	5.3	5.2
85	55	Supreme Corp. $M1	55	.....	ZQ10c	—	3.9
105	84	Tanjong 15p	100	.....	6.60	0.8	9.8
270	148	Tronoh $M1	250	+5	‡Q38c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	100	−2	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	73	.....	—	—	—
17	9	Burma Mines 17½p	11	.....	—	—	—
345	165	Cons. Murch. 10c.	270	+5	—	—	—
465	245	Northgate C$1	390	.....	—	—	—
318	164	R.T.Z.	318	+6	9.5	2.8	4.5
90	30	Sabina Inds. C$1	47	+1	—	—	—
£12	687	Tara Exptn. $1	800	+10	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$13⅝	+¼	Q190c	ϕ	16.1
$11¾	830c	East Drie R1	$11⁷⁄₁₆	+⅜	Q115c	1.6	11.7
585c	330c	East Rand Prp. R1	470c	+10	Q10c	—	2.5
$28⅜	$16½	F.S. Geduld 50c	$22⅛	+¼	Q315c	2.4	16.4
$15⅛	975c	Pres. Brand 50c	$14⅛	+¼	Q150c	3.2	12.2
$14½	900c	St. Helena R1	$14½xd	+⅜	Q190c	1.4	15.5
580c	313c	Stilfontein 50c	585c	+10	Q66c	ϕ	13.1
$24¼	$16¼	Vaal Reefs 50c	$24¼	+⅝	Q280c	2.7	13.2
$37	$25	West Drie R1	$35¼	+½	†Q385c	1.7	12.5
$31¼	$19	West Hldgs. 50c	$28⅜	+1⅛	Q415c	1.4	16.8
$13	895c	Western Deep R2	$12⅜	+¼	Q147½c	2.1	13.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
ϕ Figures or report awaited.
†† Unlisted security.
¢ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
♣ Regional price.
|| No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26½	.....
Ash Spinning	107	.....
Bertam	28	+1
Bdg'wtr. Est. 50p	360	.....
Clover Croft	28	.....
Craig & Rose £1	970	.....
Dyson (R. A.) A	35	.....
Ellis & McHdy	69	.....
Evered	27	.....
Fife Forge	54	.....
Finlay Pkg. 5p	21	+½
Graig Ship. £1	160	+10
Higsons Brew	63	.....
Holt (Jos) 25p	269	.....
I.O.M. Stm. £1	172xc	.....
Pearce (C. H.)	203	.....
Peel Mills	29	.....
Sheff. Refrshmt	78	.....
Sindall (Wm.)	120	.....

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£91⅛	+⅛
Alliance Gas	110	.....
Arnott	390	.....
Carroll (P.J.)	112	.....
Clondalkin	94	.....
Concrete Prods.	93	.....
Heiton (Hldgs.)	57	.....
Ins. Corp.	220	.....
Irish Ropes	105	.....
Jacob	37	.....
T.M.G.	245	−3
Unidare	85	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	20	Unilever	55
BOC Intl.	6	"Imps"	9	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	10
Babcock	14	Inveresk	7	Vickers	17
Barclays Bank	32	KCA	4	Woolworths	6½
Beecham	52	Ladbroke	18	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	5
Boots	18	Lex Service	9	Cap. Counties	7
Bowaters	18	Lloyds Bank	25	E.P.	3½
B.A.T.	28	"Lofs"	5	Intreuropean	5
Brown (J.)	50	London Brick	7	Land Secs.	20
Burton 'A'	22	Lonrho	9	MEPC	15
Cadburys	5	Lucas Inds.	25	Peachey	13
Courtaulds	10	"Mams."	18	Samuel Props.	14
Debenhams	8	Mrks. & Spncr.	9	Town & City	2
Distillers	21	Midland Bank	30	**Oils**	
Dunlop	6½	N.E.I.	14	Brit. Petroleum	70
Eagle Star	10	Nat. West. Bank	23	Burmah Oil	11
E.M.I.	14	Do. Warrants	15	Charterhall	3½
Gen. Accident	21	P & O Dfd.	8	Shell	48
Gen. Electric	32	Plessey	10	Ultramar	24
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	12	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	16	Cons. Gold	17
Guardian	24	Spillers	5½	Rio T. Zinc	27
G.K.N.	24	Tesco	6		
Hawker Sidd.	22	Thorn	22		
House of Fraser	15	Trust Houses	27		
		Tube Invest.	30		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday March 28 1979

Carter gives go-ahead on shippers conferences

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SHIPPERS CONFERENCES, now illegal inthe U.S., are to be allowed experimentally by President Jimmy Carter to see *whether they offer an effective* counterweight to the liner shipping conference system.

Such conferences of the senders of goods, as opposed to the shipping companies represented inthe liner conferences, already operate in most parts of the world.

The Carter move will form part of U.S. action to ease European anxieties on American maritime policy in four important areas.

The Carter Administration's new policy, to be outlined next month, will "promote and improve" the prospects for world ocean shipping. Mr. William Johnston, chairman of the White House inter-agency study on maritime affairs, the so-called shipping task force set up last summer to overhaul U.S. policy.

Mr. Johnston, speaking to a shipping industry audience at a Seatrade conference in London, stopped short of describing the Carter proposals in detail. Apart from shippers' conferences, however, he indicated that the new U.S. policy would include:

- No ban on or abolition of conferences in the U.S.;
- The U.S. shipping bureaucracy, accused by outsiders of lengthy and cumbersome procedures, would be streamlined to ensure faster decisions on new conference agreements and a more co-ordinated approach;
- U.S. law would be revised to make clear the nature of shipowners' exemption from anti-trust prosecution in their conference activities.

Stressed

Mr. Johnston stressed, however, that President Carter is not about to accept the European and Japanese view of the liner conference system for fixing rates and levels of service lock, stock and barrel.

Members of the task force, which represents all the agencies involved in shipping matters, retained strong reservations about the restricted membership and revenue pools of other countries' "closed conferences." These were still seen as a threat to competition.

Mr. Johnston said the policy statement would address itself to the disparity in the treatment of American carriers and those of other nations. Where national legal systems conflicted, the U.S. must review its laws to ensure that they were fair to all.

On some major issues, however, Mr. Johnston gave little hint of the way the President will move.

The question of rebates given by shipping lines to loyal customers, which is currently at the centre of a Grand Jury criminal investigation into the largest North Atlantic shipping lines, could be resolved either way, he said.

The President might demand greater adherence to published tariffs or he might agree with the several members of the task force who wanted to end prohibition against rebating.

President Carter vetoed an anti-rebating Bill in Congress last year, pending the outcome of the task force review, but an almost identical bill has recently been introduced into Congress.

Mr. Johnston said that once President Carter had made his statement to Congress, it would take at least a year for the necessary legal changes to take place. There would be a long period of negotiation with Congress in hammering out the new policy.

The U.S. initiative would not alter the fundamental prospects for world shipping, but it would "resolve the confusion" surrounding U.S. maritime policy.

The Grand Jury investigation is expected to issue indictments against companies and individuals in May. So far seven shipping executives, three in Europe and four in the U.S., have been told that they are "targets" for possible indictment.

Conference report, Page 7

Pit deal gives power men a lead

By Christian Tyler, Labour Editor

THE MINERS' decision to accept a deal that could be worth well over 10 per cent on average was greeted by the electricity supply workers yesterday as the signal for similar treatment.

The results of last week's ballot of the 254,000 members of the National Union of Mineworkers was a yes vote of 67.4 per cent in a 76.7 per cent turnout. This was close to the predictions of the union's leaders.

Negotiations for 95,000 power workers resume in a week's time. Yesterday Mr. Fred Franks, a negotiator for the Electrical and Plumbing Trades Union, said: "We will *be looking* for a very similar increase in global terms." He added: "We don't care how it's done, so long as at the end of the day it is as good as the miners."

So far the Electricity Council has offered an average 9 per cent increase, ranging *from 5 per cent for* labourers to 13 per cent for foremen and others in the top grade. The power unions will now be looking for further productivity-related money as well as consolidation into basic rates of some bonuses.

The NUM's moderate majority had little difficulty in selling this year's pay deal, which is backdated to March 1, by raising the earnings potential of existing area incentive schemes and concluding a separate efficiency agreement with the National Coal Board.

Basic rates, including one *supplement of £6* a week *from* stage one of the Incomes policy, will be raised by £6.50 a week, giving a £61.35 minimum on the surface, £70.80 underground, and £84.95 at the coalface.

The bonus target rates have been raised by £3 to £26.50 a week for the faceworker, and bonus earnings from extra output could provide between £3 and £4.50 extra a week for all miners, according to the union.

From next January £20m is to be distributed as payment *for bathing and changing* time.

In last week's ballot only the Scottish area, whose leaders were alone in actively campaigning against the offer, and the Scottish enginemen voted against the deal. The staff section, COSA, was predictably the most anxious to accept, with a yes vote of over 92 per cent. The small Left-wing Kent area accepted by only 24 votes, while Yorkshire approved by 58.5 per cent and South Wales, the other big Left-wing area, by 71.4 per cent.

THE LEX COLUMN

Upside-down crisis for sterling

To judge by the performance of the dollar yesterday's OPEC price rises were discounted in the foreign exchange markets. All the same, sterling continued to move ahead, the trade-weighted index reaching 65.6 which is not far below the February 1978 peak of 66.7.

It is enough to make the mushrooming breed of exchange rate forecasters give up. Whether sterling is judged on the basis of theories about trade competitiveness, or on newer and more fashionable international monetarist notions about relative monetary growth, sterling is clearly too high. The *surge of growth in the money* supply a year ago seemed to be reflected faithfully in the exchange rate, which slumped by 5 per cent during March 1978. Yet although DCE has been running at an annual rate of more than £11bn in the past three months, sterling has appreciated by 2.5 per cent so far in 1979.

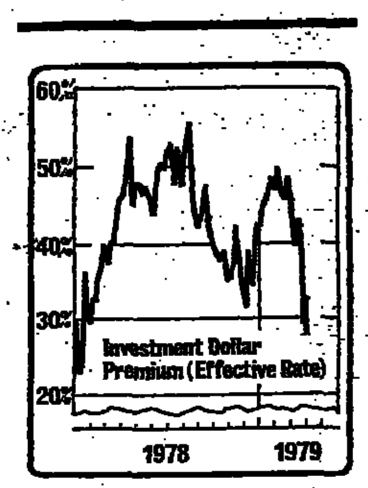
A year ago poor trade figures undermined confidence, but now there is a bonus promised from higher oil prices which will pose much bigger problems for countries like Germany and Japan. It is likely to take many months for the British economy, import hungry though it may be, to work through this relative advantage. Meanwhile the Government is stuck with the wrong policies: in trying to damp down monetary growth through high interest rates it is encouraging foreign inflows and helping to push sterling higher still.

Current policies would lead, in a free float, to a rise in sterling to a level which would produce a rapid deterioration of the current balance of payments. Brokers Fielding Newson-Smith, for instance, estimate that in a free float sterling would rise by about 6 per cent in 1979. The lure for the gilt-edged market is that the authorities will probably not be able to accept such a rise in sterling, and will be forced to switch to a policy of lower interest rates. The gamble would be whether this could be combined with adequate monetary control.

Sime Darby/Guthrie

Sime Darby came very close to winning control of Guthrie, and it might just have succeeded with a last minute buying raid had the market not been so strong. No one was keen to switch out of shares into cash yesterday. Other reasons for its defeat include Guthrie's spirited defence, the public opposition from the respected M and G Group, and the fact that time was wasted in the early stages with an offer that was patently too low.

Index rose 8.9 to 539.2



Guthrie's shares only fell 5p to 530p on the news, a far cry from 325p where they stood before Sime showed its hand. But since then Sime has built up a near 30 per cent stake, and is not going to go away. Sime cannot, under the Takeover Code, bid again within the next year and it says there are *no plans to force its way on to* the Board in the meantime. But Guthrie's management now has a lot of promises to honour, and Sime will be on hand if it fails to deliver. That thought, coupled with a dividend yield of 7.9 per cent on the basis of 1979's dividend forecast, suggests that the floor for the share price should not be all that far away.

Grattan

A decade ago the pre-tax profits of Grattan Warehouses amounted to £6.4m while the combined profits of its two smaller rivals, Freemans and Empire, amounted to £4.5m. Yesterday, Grattan reported a 10 per cent drop in pre-tax profits to £10.6m. Although they have not reported yet, the combined profits of the other two will be of the order of £25m in 1978-79, which helps put in perspective Grattan's decline in recent years.

The trend culminated last October in a disastrous set of interim figures when Grattan reported a drop in sales volume and profits which contrasted sharply with the buoyant results from its competitors. Grattan's management has been strengthened and the group has embarked on a policy of aggressively rebuilding its market share.

Advertising has been stepped up, the number of agents increased and the credit terms have been made more attractive. More important the catalogue has been increased by roughly *10 per cent in size*, the number of lines expanded and prices trimmed to make them more competitive.

In the short term at least, the new policy seems to be paying off. Sales in the second half rose by 21 per cent against an industry growth of 18 per cent and pre-tax profits edged ahead by 9 per cent after the 27 per cent drop in the first six months. However, old fashions die hard in the mail order industry and it will be some time before the success of Grattan's new policies can be assessed. In the mean-*time* the shares, at 122p, yield 7.6 per cent.

Hudson's Bay

The future of the Hudson's Bay Company is now wide open following the surprise appearance of George Weston of Canada *as a potential suitor*. Weston is starting from a much weaker position than the cash rich Thomson family interests, which have already offered C$365m, or $31 a share, for 51 per cent of The Bay. Weston's financial record is very uneven, its net worth amounted to only a bit more than $300m at the last count, and total debt already represents over 60 per cent of total equity.

If Weston were to offer its shares in exchange for 51 per cent of The Bay, its big family shareholding would be diluted *out of sight. So the intriguing* question is whether Weston will be able to come up with some kind of formula offer—say, preferred shares and cash for Canadian shareholders and cash for everyone else. Although its domicile was transferred to Canada in 1970, The Bay still has some 12,000 shareholders in the UK—controlling maybe 15 per cent of the votes.

Weston hopes to produce terms by the end of this week, and whatever happens, the Thomson interests—which have already been shown the door by The Bay—are unlikely to let things drop now. Why all the excitement about a group that was trading at only $23 a share at the beginning of the month? The answer seems to be that The Bay is about to reap the benefits of very heavy investment in store development over the last few years. In a circular last week, it said that earnings per share this year could rise by a tenth to $3.05 and more than double that by 1983, and it put "the present value" of the shares at $37 to $40. This sort of thing would send the London Takeover Panel into a dead faint—but it seems to be attracting the predators.

Nurses accept new pay offer

By Pauline Clark, Labour Staff

THE PROSPECT of the Government facing an election amid an embarrassing confrontation over nurses' pay was lifted last night when union leaders accepted a new pay offer with extra money in advance of a comparability exercise.

Settlement on an 8.8 per cent increase in basic pay but with consolidation of a £130 supplement—bringing the total to around the 9 per cent accepted elsewhere in the public services—was reached after day long talks at the Department of Health and Social Security.

The staff side of the Whitley council, representing Britain's 400,000 nurses and midwives, however, made it clear that they had agreed on the deal only for fear of losing the chance of a comparability study on nurses' pay should another *government take over* before settlement was reached.

Mr. David Williams, assistant general secretary in the Confederation of Health Service Employees and secretary of the staff side, said the unions' were convinced that the deal was the best they were likely to get.

The settlement apparently turned on the offer to all qualified nurses working 35 hours or more a week of £2.50 a week on account as payment in advance of the comparability exercise.

This puts nurses somewhat ahead of local authority manual workers and hospital ancillary workers, who have accepted only £1 "on account." But against this, the nurses' unions have been forced to swallow what they described yesterday as "the bitterest pill" — *abandonment of their demand* for the first stage of a comparability payment to be made in April or earlier.

The Government stuck to the August 1979 and April 1980 dates as accepted elsewhere. The total package worth £7.20 more a week from April for a *staff nurse on the minimum* and £8.34 for a ward sister was accepted by all but the National Union of Public Employees.

The NUPE executive has also been outvoted on acceptance of the hospital ancillary workers' deal and faces a similar situation tomorrow

Bid too late to save Kirkby co-operative

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

FOUR YEARS of efforts to turn the Kirkby Manufacturing and Engineering workers' co-operative into a profitable venture ended yesterday at lunchtime when the business went into liquidation. A few hours later a £500,000 bid by a group of businessmen for the assets of the enterprise failed to satisfy the co-operative's creditors. As a result, the liquidator is to seek fresh bids.

In the meantime production of the co-operative's Toprad central heating radiators has stopped because of a shortage of steel supplies, and the 720 employees face being laid off tomorrow.

KME is the second of three co-operatives formed by Mr. Anthony Wedgwood Benn, as Industry Secretary, four years ago to close. The first was the Scottish Daily News. The third, a co-operative, the Meriden motorcycle factory in the Midlands, is still operating but has financial problems and needs government help to survive.

Whether the Kirkby business, which has been loosing more than £15,000 a week, is reopened with worker co-operative concepts intact depends on the views of any purchaser. Last night, Mr. Bernard Phillips, the liquidator, said he would be trying to dispose of the business in the "best possible way" and added: "I would welcome an offer which included some element of employee participation."

Subsidiary

Yesterday's events followed the co-operative's transfer of its assets into a hitherto dormant subsidiary called KME Ltd. in th hope that they would be bought by a consortium, which is believed to have included an import and marketing company called Hill Foster, the Ferroli radiator manufacturer, of Italy, and a business consultant.

The parent company, with outstanding debts which are believed to total some £1.5m then went into liquidation. But a later meeting yesterday of the co-operative's creditors and its bankers, National Westminster, found the terms of the consortium's £500,000 bid unacceptable.

This, however, was too late for the liquidation process of the parent company to be stopped. As a result the liquidator is to seek fresh bids for KME Ltd.

Last night Mr. Robert Maxwell, who has indicated that his Pergamon Press business might be interested, said: "We shall be looking into the possibilities of making an offer once we receive details from the liquidator."

The co-operative is on Merseyside's Kirkby indsutrial estate *where many redundancies have* been declared in recent months. The shutdown of the co-operative will lead to fresh criticisms of the Government for not doing ally on the eve of tomorrow's more to help Merseyside, especi-sensitive by-election at Edge Hill.

Last night Mr. Jack Spriggs, a leader of the co-operative, blamed the Department of Industry for refusing to add to the £5.6m aid it has already given organisation and added: "We are finished as a co-operative because the Government has killed us off."

Mr. Alan Williams, Minister of State for Industry, stressed on BBC television that the Government would be contacting every potential purchaser of the factory and would be prepared to put up more industrial aid if a viable proposal emerged.

Civil Servants to ban all work on next week's Budget in protest over a 7 per cent pay offer. Page 11.
How the miners voted Page 11.

British Steel faces veto over £60m Australia coal contract

BY ELINOR GOODMAN AND JOHN LLOYD

THE GOVERNMENT is likely to veto a British Steel Corporation contract to buy 2m tonnes of high quality coking coal from Australia, worth about £60m.

Any financial losses incurred as a result of the coal already contracted for will have to be met by the corporation, as Ministers are apparently determined that the cash limit on BSC's borrowing from the Government should not be *raised to offset* additional losses.

The coal is earmarked for use in the Redcar steelworks on Teesside, where a £230m blast furnace is due to some on stream later this year.

The National Coal Board said yesterday that it had invested £37m in productive capacity to meet Redcar's demands, with the encouragement of BSC.

The bulk of that, £30m, was invested in the three South Durham collieries of Horden, Blackhall and Easington, with the balance going to the small Kent coalfield.

The Australian coal is about £10 a tonne cheaper than National Coal Board coal, but BSC said that "quality was the main criterion." The Coal Board insists that it has offered the corporation a blend of coals of tested and proven quality.

It is thought that BSC would like to use some Polish coking coal in its blend as well as Australian coal, and that the NCB-sourced coke for Redcar could be as little as 40 per cent of the total.

A long-term contract was signed with Poland for coking coal last year, though no details have been revealed. The Australian contract was signed last month, with shipments due to start early next year. Total coking coal imports run at 1m tonnes a year, compared with 11m tonnes supplied by the NCB.

Weather

UK TODAY

OUTBREAKS of rain, sleet or snow in most places. Blustery showers and sunny intervals in the west. Cold everywhere. Max. 8C (46F).

London, S.E., Cent. S. England, Midlands, E. Anglia, Channel Isles

Showery outbreaks of rain sleet or snow. Sunny intervals later.

Cent. N. England, N.E. England, Edinburgh and Dundee

Cloudy. Sunny intervals. Some outbreaks of sleet or snow.

S.W. England, Wales, N.W. England, Cent. Highlands, N.W. Scotland, Ulster, Isle of Man

Wintry showers especially over exposed coasts and hills. Sunny intervals.

N.E. Scotland, Moray Firth, Orkney and Shetland

● Outlook: Unsettled. Sunny intervals and wintry showers. Longer outbreaks of rain or snow in the east. Night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	14	57	London	F	9	48
Algiers	C	16	61	Luxmbg.	R	5	41
Amsdm.	F	8	46	Madrid	S	11	52
Bahrain	S	24	75	Majorca	F	20	68
Barclna.	F	16	61	Malaga	S	18	64
Beirut	S	17	63	Malta	F	21	70
Belfast	R	2	36	M'chstr	C	5	41
Belgrd.	C	14	57	Melbne.	C	25	77
Berlin	C	11	52	Milan	F	13	55
Biarritz	C	12	54	Mntreal	C	−3	24
Bmghm.	C	9	48	Moscow	C	4	39
Blackpl.	C	6	43	Munich	R	7	45
Bordx.	R	9	48	Nairobi	S	24	75
Boulgn.	F	7	45	Naples	C	17	63
Bristol	S	9	48	Nassau	S	24	75
Brussels	F	10	50	Nwcstl.	Sn	2	36
Budpst.	C	12	54	N. York	S	9	48
B. Aires	S	24	75	Nice	S	17	63
Cairo	S	23	73	Nicosia	S	18	64
Cardiff	C	8	46	Oporto	R	11	52
Cas'b'ca	C	17	63	Oslo	R	3	37
Cape T.	C	20	68	Paris	C	12	54

Chicago	S	1	34	Perth	S	25	77
Cologne	C	9	48	Prague	S	10	50
Cpnhgn.	C	6	43	Reykjvk.	S	1	34
Dublin	C	5	41	Rhodes	S	18	64
Dbrvnk.	R	13	55	Rio J'o	C	27	80
Ednbgh.	C	3	37	Rome	C	16	61
Faro	C	15	59	Salzbrg.	C	7	45
Florence	F	16	61	Singapr.	S	32	90
Frankft.	R	9	48	Stckhm.	C	5	41
Funchal	C	15	59	Strasbg.	F	11	52
Geneva	F	10	50	Sydney	S	28	84
Gibrltr.	S	17	63	Tangier	S	15	59
Glasgow	C	4	39	Tehran	R	9	50
G'rnsey	C	8	46	Tel Aviv	F	18	64
H. Kong	C	18	64	Tenerife	C	16	61
Innsbrk.	R	8	46	Tokyo	S	16	61
Invrnse.	C	5	41	Toronto	S	0	32
I.o.Man	C	5	41	Tunis	F	25	77
Jersey	C	8	46	Valencia	S	20	68
Jo'burg	S	25	77	Venice	S	12	54
L. Plms.	F	21	70	Vienna	R	9	48
Lisbon	F	14	57	Warsaw	F	10	50
Locarno	C	11	52	Zurich	F	11	52

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Sime Darby bid fails

BY JAMES BARTHOLOMEW

SIME DARBY (Holdings) the Far Eastern conglomerate, yesterday failed narrowly in its attempt to take over Guthrie Corporation, the British plantations group. It was the biggest *contested takeover bid in* Britain so far this year, valuing Guthrie at £154m.

In a cliff-hanging finish, Sime had to buy 5.2 per cent of Guthrie's shares in one transaction on the last day to reach the necessary 50 per cent level. But it was able to find holders of only about 44 per cent of the shares willing to sell, bringing the total owned or conditionally committed to Sime to just under 49 per cent.

A last-minute surprise was the appearance in the market late yesterday morning of an unidentified buyer prepared to bid up the shares of Guthrie to 545½p, a rise of 10½p on the previous day and 6½p above Sime's offer price. Baring Brothers, financial advisers to Guthrie, brought this to the attention of the City Takeover Panel, *fearing that these shares* might be sold on to Sime.

Sime was unable under the Takeover Code to buy shares above the offer price.

The panel investigated. In the afternoon the shares came down again and eventually closed 5p lower on the day at 530p.

In spite of the failure of the bid, Sime Darby is left with a 29.9 per cent stake in Guthrie, *a position from which it might* be tempted to demand boardroom representation. But Mr. James Scott, chief executive of Sime, said yesterday that no request would be made although an invitation would be considered.

There would be no attempt to dislodge the present board, he said, it would now have to set about achieving the "optimistic" profit forecasts that were made during the bid battle.

Meanwhile, Sime had plenty of different options. "We can do all kinds of things," he said.

Shareholders in Guthrie are fairly evenly divided, as the close result showed. Some of those who accepted the bid may be friendly to Sime.

On the other side, M & G Investment Management, which energetically supported Guthrie *by buying shares in the market*, has 13 per cent; family trusts connected with Guthrie have about 16 or 17 per cent; and Baring Brothers has 1½ per cent, having added 50,000 shares to its stake yesterday morning.

Continued from Page 1

North Sea

The 20-member International Energy Agency, which includes all the major industrial nations apart from France, will on Friday review members' first attempts at cutting back oil consumption by the agreed level of 5 per cent. The agency expressed regret yesterday that OPEC had decided on another increase in the price of oil.

The level of temporary surcharges that will be imposed by individual OPEC members will decide the level at which North Sea oil prices will be fixed in the second quarter. North Sea producers and crude traders will wait to see what price levels *are set* by the big North African producers.

North Sea prices are likely to settle at about 30-50 cents a barrel below the levels set by Algeria, Libya and Nigeria. In effect this could give a term contract price for Forties crude of about $17.50-$18.00 a barrel in the second quarter.

This could give an increase of up to 16 per cent on the present North Sea price of about $15.50 a barrel. In the last quarter of 1978 term contract prices for Forties crude were set at about $14.00 a barrel.

The occasional sale of cargoes of North Sea crude on the spot market, however, are still attracting higher prices. It is understood that one cargo was sold recently for supply in the second quarter at $22 a barrel.

North Sea supplies will shield *the UK from the worse consequences* of oil price rises. A 10 per cent rise in the oil price could add about ½ per cent to UK inflation as against ½ per cent in West Germany and the US and ¾-1 per cent in Japan.

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